



PRESIDENT
OF THE REPUBLIC OF INDONESIA

LAW OF THE REPUBLIC OF INDONESIA

NUMBER 28 YEAR 2007

CONCERNING

THE THIRD AMENDMENT OF THE LAW NUMBER 6 YEAR 1983 ON GENERAL
PROVISION AND TAXATION PROCEDURE

BY THE GRACE OF GOD ALMIGHTY

THE PRESIDENT OF THE REPUBLIC OF INDONESIA,

Considering : a. whereas in order to further provide the justice and improving service to the Taxpayer and to further provide the legal certainty as well to anticipate the growth of information technology and the occurred growths within the material provisions of taxation, it is necessary to make the amendment of the Law Number 6 Year 1983 on the General Provision and Taxation Procedure, as it has been several times amended lastly with Law Number 16 Year 2000;

b. whereas based on the consideration, as set forth in letter a above, it is required to establish Law on the Third Amendment of the Law Number 6 Year 1983 on the General Provision and Taxation Procedure;

In the view of : 1. Article 5 section (1), Article 20, and Article 23A Constitution of the State of the Republic of Indonesia 1945;

2. Law Number 6 Year 1983 on the General Provision and Taxation Procedure (State Gazette of the Republic of Indonesia Year 1983 Number 49, Supplement of the State Gazette of the Republic of Indonesia Number 3262), as it has been several times amended lastly with Law Number 16 Year 2000 (State Gazette of the Republic of Indonesia Year 2000 Number 126, Supplement of the State Gazette of the Republic of Indonesia Number 3984);

With the Joint Approval of

THE HOUSE OF REPRESENTATIVE OF THE REPUBLIC OF INDONESIA

and

THE PRESIDENT OF THE REPUBLIC OF INDONESIA

BE IT HEREBY RESOLVED:

To enact : LAW ON THE THIRD AMENDMENT OF THE LAW NUMBER 6
YEAR 1983 ON GENERAL PROVISION AND TAXATION
PROCEDURE

Article I

Several provisions in the Law Number 6 Year 1983 on the General Provision and Taxation Procedure (State Gazette of the Republic of Indonesia Year 1983 Number 49, Supplement of the State Gazette of the Republic of Indonesia Number 3262), which has been several times amended lastly with Law:

- a. Law Number 9 Year 1994 (State Gazette of the Republic of Indonesia Year 1994 Number 59, Supplement of the State Gazette of the Republic of Indonesia Number 3566);
- b. Law Number 16 Year 2000 (State Gazette of the Republic of Indonesia Year 2000 Number 126, Supplement of the State Gazette of the Republic of Indonesia Number 3984),

shall be amended as follow:

1. Provision of the Article 1 shall be amended, therefore it says as follow:

Article 1

In this Law, some terms shall be defined as follow:

1. Tax means payable mandatory contribution to the state of the individual or entity, which is coercive under the Law, without any direct return and shall be utilized for the need of the state for the greatest prosperity of the people.
2. Taxpayer means the individual or entity, including the tax payers, tax withholders, and tax collector, who has the right and obligation of taxation in accordance with the provision of the taxation legislation.
3. Statutory Bodies mean the group of individual and/ or capital which constitutes the unity either performing business or does not perform business that includes limited liability company, limited partnership, other company, state owned enterprise or local government owned enterprise, firm, joint venture, cooperative, pension fund, association, organization, foundation, mass organization, institute and any other form of entity includes the collective contract investment and permanent business.
4. Entrepreneur means individual or statutory body within whatsoever form that in its business activity or occupation produces good, imports good, exports good,

performing trade, utilizes the intangible good from beyond the custom area, performing business activity, or utilizes the service from beyond the custom area.

5. Taxable Entrepreneur means Entrepreneur who performs the delivery of Taxable Good and/ or performing the Taxable Service that subject to tax pursuant to Law on Value Added Tax 1984 and its amendments.
6. Taxpayer Code Numbers means number provided to the Taxpayers as the instrument of taxation administration that is utilized as the personal identification or Taxpayer identity during implementing their taxation right and obligation.
7. Taxable Period means the period that becomes the basis for the Taxpayer to calculate, deposit, and report the payable tax within certain period as set forth herein.
8. Taxable Year shall be the period of 1 (one) calendar year, unless if the Taxpayer applies the different accounting year to the calendar year.
9. Part of Taxable Year shall be the part of period 1 (one) Taxable Year.
10. Payable Tax means tax that should be paid at certain time, within the Tax Period, within the Taxable Year, or within the Part of Taxable Year in accordance with the provision of the taxable legislation.
11. Tax Return means the letter that is utilized by the Taxpayer to report the calculation and/ or tax payment, tax object and/ or non-tax object, and/ or asset and liability in accordance with the provision of taxation legislation.
12. Periodic Tax Return means the Notification Letter for the certain Tax Period.
13. Annual Tax Return means the Notification Letter for a Taxable Year or Part of Taxable Year.
14. Tax Payment Form (*SSP-Surat Setoran Pajak*) shall be the proof of payment or tax deposit that have been made with the form or that have been made by other means to the state treasury through the designated payment place by the Minister of Finance.
15. Tax Assessment shall be the assessment letter that includes Underpaid Tax Assessment (SKPKB), Overpaid Tax Assessment (SKPLB), Nil Tax Assessment (SKPN), and Additional Underpaid Tax Assessment (SKPKBT).
16. Underpaid Tax Assessment means tax assessment letter that determines the amount of tax principal amount, tax credit amount, amount of tax principal underpayment, sum of administrative penalty, and amount of payable tax.
17. Additional of Underpaid Tax Assessment shall be the tax assessment letter that determines the addition upon amount of tax that has been assessed.
18. Nil Tax Assessment shall be tax assessment letter that determines the principle tax amount equal to the tax

credit amount or the payable tax and there is not any tax credit.

19. Overpaid Tax Assessment shall be the tax assessment letter that determines the overpayment tax amount due to the tax credit amount is larger than the payable tax or should not be payable.
20. Tax Collection Form means the letter to make tax bill and/ or administrative penalty in the form of interest and/ or fine.
21. Distress Warrant shall be the warrant to pay tax payable and tax billing cost.
22. Credit Tax for Income Tax means tax that is paid by Taxpayer itself added with the tax principal payable within the Tax Bill due to Income Tax of the current year does not or underpayment, added with the withhold tax or collected tax, added with the income tax that is paid or payable overseas, deducted with the initial restitution, which deducted with the tax payable.
23. Credit Tax for Value Added Tax means Incoming Tax that is creditable after being deducted with initial restitution or after being deducted with tax that has been compensated, which is deducted from the tax payable.
24. Self-Employment means occupation that is carried out by the individual who has special skill as business to gain income that is unrestricted with an employment relationship.
25. Audit means series activity to collect and to utilize data, description, and/ or evidence that are carried out objectively and professional pursuant to a standard of examination to assess the obedience of the fulfillment of taxation liability and/ or other mean in the frame work to implement the provision of taxation legislation.
26. Preliminary Evidence means the circumstance, deed, and/ or in the form of explanation, text, or object that could provide the clue on the existence of strong presumption of taxation criminal act that is being occurred or has been occurred that is made by anyone who could harm the government revenue.
27. Preliminary Evidence Audit means an examination carried out to obtain the preliminary evidence on the existence of the taxation criminal act that has been occurred.
28. Tax Guarantor means individual or statutory body that is responsible upon the payment of tax, including the representative who performs the right and meet the obligation of the Taxpayer in accordance with the provision of taxation legislation.
29. Bookkeeping means a recording process that is done regularly to collect data and financial information that includes assets, liability, capital, revenue and cost, as well amount of acquisition price and delivery of good and service, which is closed with the preparation of financial report in the form of balance sheet, and income statement for such Taxable Year period.

30. Research means the series of activity that is carried out to assess the completeness of the filling of Tax Return and its attachments includes the assessment on the truth of writing and calculation.
 31. Investigation for taxation crime means the series of action that are carried out by the investigator to find out as well to collect the evidence by which such evidences make the occurred taxation crime clear as well find the suspect.
 32. Investigator shall be the certain Civil Servant within the Directorate General of Tax who is assigned with exclusive authority to conduct investigation in taxation crime in accordance with the provision of legislation.
 33. Decree of Rectification means decree that makes the correction upon written error, calculation error, and/ or error at the certain application within the provision of taxation legislation, which is at the Tax Assessment, Tax Collection Form, Decree of Rectification, Decree of Objection, Decree for Administrative Penalty Reduction, Decree for Administrative Penalty Omission, Decree for Tax Assessment Cancellation, Decree for the Provision of Preliminary Restitution of Overpaid Tax, or Decree for Interest Reward.
 34. Decree of Objection means the decree for the objection towards the tax assessment letter or towards the withholding or collection by the third party that made by Taxpayer.
 35. Appeal Verdict means a verdict of the tax court entity upon appeals against Decree of Objection that made by the Taxpayer.
 36. Lawsuit Verdict means a verdict of the tax court entity upon lawsuit against matters that based on the provision of taxation of legislation could be filled lawsuit.
 37. Judicial Review Verdict means a verdict of the Supreme Court upon the judicial review proposal that is proposed by the Taxpayer or by the Director General of Tax against Appeal Verdict or Lawsuit Verdict from the tax court.
 38. Decree on Preliminary Restitution of Overpaid Tax means the decree that determines amount of initial restitution for certain Taxpayer.
 39. Decree for Interest Reward means the decree that determines amount of interest to be given to the Taxpayer.
 40. Delivered date means the postal stamp of the delivery, date of facsimile, or in the event that it is delivered directly at which the letter, decree, or verdict that is directly delivered.
 41. Received date means the postal stamp of the delivery, date of facsimile, or in the event that it is delivered directly at which the letter, decree, or verdict that is directly received.
2. Provision of Article 2 shall be amended, therefore it says as follow:

Article 2

- (1) Any Taxpayer, who has met subjective and objective requirement in accordance with the provision of taxation legislation, shall be obliged to register itself to the office of the Directorate General of Tax at its working area includes its residence or place of domicile of the Taxpayer and to him shall be granted Taxpayer Code Numbers.
- (2) Any Taxpayer as Entrepreneur, who is subject to tax pursuant to Law of Value Added Tax 1984 and its amendment, shall be obliged to report its business to the office of Directorate General of Tax at its working area includes its residence or place of domicile of the Taxpayer and place of domicile of the business activity that is made to be established as the Taxable Taxpayer.
- (3) Director General of Tax could establish:
 - a. place of registration and/ or place of report of the business other than of which is stipulated in section (1) and section (2); and/ or
 - b. place of registration at the office of the Directorate General of Tax at its working area that includes place of residence and office of the Directorate General of Tax whose working area includes at which place of business activity is carried out, for certain individual entrepreneur Taxpayer.
- (4) Directorate General of Tax issues Taxpayer Code Number and/ or establishes the Taxable Entrepreneur in ex officio if the Taxpayer or the Taxable Entrepreneur does not perform its obligation as set forth in section (1) and/ or section (2).
- (4.a) Taxation Obligation for the Taxpayer whose Taxpayer Code Numbers has been issued or has been established as Taxable Entrepreneur in ex officio, as set forth in section (4), since the Taxpayer meets the subjective and objective requirement in accordance with the provision of the taxation legislation, not longer than 5 (five) years prior the issuance of Taxpayer Code Number and/ or prior the establishment as the Taxable Entrepreneur.
- (5) Period for registration and reporting as well the procedure of registration and establishment, as set forth in section (1), section (2), section (3), and section (4), including the omission of the Taxpayer Identification Number, shall be set or pursuant to the Regulation of the Minister of Finance.
- (6) The Omission of the Taxpayer Code Number shall be carried out by the Director General of Tax in the event that:
 - a. proposal for the omission of Taxpayer Code Numbers is submitted by the Taxpayer and/ or the heirs if the Taxpayer has not met the subjective and/ or objective requirement in accordance with the provision of taxation legislation;

- b. Statutory Body Taxpayer is liquidated due to the termination or merger of the business;
 - c. Permanent business Taxpayer remains cease its business activity in Indonesia; or
 - d. it is considered necessary by the Director General of Tax to remove the Taxpayer Code Number from the Taxpayer who has not met the subjective and objective requirement in accordance with the provision of the taxation legislation.
- (7) After conducting the audit, the Director General of Tax, should provide the decision upon the proposal for removing the Taxpayer Identification Number within the period of 6 (six) months to the individual Taxpayer or 12 (twelve) months for the Entity Taxpayer since the date of proposal is completely received.
 - (8) Director General of Tax, in ex officio or upon request of the Taxpayer, could carry out the establishment of Taxable Entrepreneur.
 - (9) After conducting the Audit, the Director General of Tax, should provide the decision upon the proposal of removal of the establishment of the Taxable Entrepreneur within the period of 6 (six) months since the proposal is completely received.
3. Between Article 2 and Article 3 shall be inserted 1 (one) article namely Article 2A, therefore it says as follow:

Article 2A

Taxable Period shall be equal to 1 (one) calendar month or the other period that is set out with the Regulation of the Minister of Finance at no longer than 3 (three) calendar months.

4. Provision of Article 3 shall be amended, therefore it says as follow:

Article 3

- (1) Any Taxpayer shall be obliged to fill the Tax Return correctly, completely, and clearly, in Bahasa Indonesia by utilizing Latin alphabet, Arabic numerals, the currency of Rupiah, and signs as well delivers it to the Directorate General of Tax in which the Taxpayer is registered or established or other place that is stipulated by the Directorate General of Tax.
- (1.a) Taxpayer, who has obtained the approval from the Minister of Finance to carry out the bookkeeping using foreign language and non-Rupiah currency, shall be obliged to deliver Notification Letter in bahasa Indonesia using the allowed non-Rupiah currency whose implementation shall be set with or pursuant to the Regulation of the Minister of Finance.
- (1.b) Signing, as set forth in section (1), could be carried out normally, with signature and stamp, or electronic or

- digital signature of which all have equal legal power whose implementing procedure shall be set out or pursuant to the Regulation of the Minister of Finance.
- (2) Taxpayer, as set forth in section (1) and section (1a), takes by itself the Tax Return in which the determined place by the Directorate General of tax or taking by other means whose implementing procedure shall be set out or pursuant to the Regulation of the Minister of Finance.
 - (3) Deadline for the submission of Tax Return shall be:
 - a. for the Periodic Tax Return, no longer than 20 (twenty) days after the end of Taxable Period;
 - b. for the Annual Tax Return of the individual Income Tax Taxpayer, not longer than 3 (three) months after the end of Taxable Year; or
 - c. for the Annual Tax Return of the statutory body Income Tax Taxpayer, not longer than 4 (four) months after the end of Taxable Year.
 - (3.a) Taxpayer with certain criteria could report several Taxable Periods within 1 (one) Periodic Tax Return.
 - (3.b) Taxpayer with certain criteria and report procedure, as set forth in section (3a), shall be set out with or pursuant to the Regulation of the Minister of Finance.
 - (3.c) Deadline and report procedure upon the tax withholding and collection that is carried out by the state treasurer and certain statutory body shall be set out or pursuant to the Regulation of the Minister of Finance.
 - (4) Taxpayer could extend the deadline period for the submission of the Annual tax Return of Income Tax, as set forth in section (3), for no longer than 2 (two) months by submitting the notification in written or with other means to the Director General of Tax whose provision shall be set out or pursuant to the Regulation of the Minister of Finance.
 - (5) Notification, as set forth in section (4), should be accompanied with the temporary calculation of taxable tax within 1 (one) Taxable Year and Tax Payment Form (SSP) as the proof of payment of the underpaid of the tax payable, whose provision shall be set out or pursuant to the Regulation of the Minister of Finance.
 - (5.a) In the event that the Tax Return is not delivered in accordance with the deadline, as set forth in section (3) or deadline of extension for submission Tax Return as set forth in section (4), the letter of reprimand could be issued.
 - (6) Form and content of the Tax Return as well the description and/ or document that should be attached, and the applied method to deliver Tax Return shall be set out with or pursuant to the Regulation of the Minister of Finance.
 - (7) Tax Return shall be deemed not to be submitted in the event that:
 - a. Tax Return is not signed as set forth in section (1);

- b. Tax Return is not fully completed with the description and/ or document as set forth in section (6);
 - c. Tax Return that certifies overpayment submitted after 3 (three) years since the end of Taxable Period, part of Taxable Year or Taxable Year, and the Taxpayer has been reprimanded in written; or
 - d. Tax Return is submitted after the Director General of Tax conducts audit or issues the tax assessment letter.
- (7.a) In the event that Tax Return is deemed not to be submitted, as set forth in section (7), Director General of Tax shall be obliged to notify the Taxpayer.
- (8) It is excluded from the obligation, as set forth in section (1), shall be certain Income Tax Taxpayer who is set out based on or pursue to the Regulation of the Minister of Finance.
5. Provision of Article 4 shall be amended, therefore it says as follow:

Article 4

- (1) Taxpayer shall be obliged to fill and submit Tax Return correctly, completely, clearly, and signs it.
 - (2) Tax Return of the entity Taxpayer should be signed by the official or directors.
 - (3) In the event that Taxpayer appoints a proxy with special power of attorney to fill and sign Tax Return, such special power of attorney should be attached to the Tax Return.
 - (4) Tax Return of the Income Tax Taxpayer, who are obliged to manage bookkeeping, should be attached with the financial statement in the form of balance sheet and income statement as well other required description to calculate amount of Taxable Income.
 - (4.a) Financial statement, as set forth in section (4), shall be the financial statement from the respective Taxpayer.
 - (4.b) In the event that such financial statement, as set forth in section (4a) is audited by the Public Accountant but it is not attached to the Tax Return; consequently, Tax Return shall be deemed incomplete or unclear, therefore such Tax Return shall be deemed not delivered as set forth in Article 3 section (7) letter b.
 - (5) Acceptance and management procedure of the Tax Return shall be set out or pursuant to the Regulation of the Minister of Finance.
6. Provision of Article 6 shall be amended, therefore it says as follow:

Article 6

- (1) Tax Return, which is directly delivered to the office of the Directorate General of Tax, should be given date of

acceptance by the appointed official and the Taxpayer should be given the receipt.

- (2) Submission of the Tax Return could be submitted through postal service with the proof of delivery or by other means of which is set out or pursuant to the Regulation of the Minister of Finance.
- (3) Proof and delivery date of the letter for the submission of Tax Return, as set forth in section (2), shall be deemed as proof and date of acceptance as long as such Tax Return has completed.

7. Provision of Article 7 shall be amended, therefore it says as follow:

Article 7

- (1) In the event that Tax Return is not delivered within the period as set forth in Article 3 section (3) or the deadline extension of the tax Return submission as set forth in Article 3 section (4), shall be subject to administrative penalty in the form of fine as much as Rp500.000, 00 (five hundred thousand rupiah) for the other Periodic Tax Return, and as much as Rp1.000.000, 00 (one million rupiah) for the Annual Tax Return of the Income Tax of the statutory body Taxpayer as well as much as Rp100.000, 00 (one hundred thousand rupiah) for the Tax Return of the Income Tax of the Individual Taxpayer.
- (2) Imposition of the administrative penalty in the form of fine, as set forth in section (1), shall not excluded to:
 - a. Individual Taxpayer who has been dead;
 - b. Individual Taxpayer who has not performed the business activity or self-employment;
 - c. Individual Taxpayer whose status is foreign citizen who does not stay anymore in Indonesia;
 - d. Permanent Business Form that does not perform anymore in Indonesia;
 - e. Statutory Taxpayer that does not perform business anymore but has not been dissolved in accordance with the applicable provision;
 - f. Treasurer who does not perform the payment anymore;
 - g. Taxpayer who experiences the disaster, whose provision is set out with the Regulation of the Minister of Finance; or
 - h. Other Taxpayer who is set out with or pursuant to the Regulation of the Minister of Finance.

8. Provision of Article 8 shall be amended, therefore it says as follow:

Article 8

- (1) Taxpayer, with will its own, could make the correction upon the Tax Return that has been delivered by

submitting the written statement in condition that the Director General of Tax has not carried out the audit.

- (1.a) In the event that the correction of Tax Return, as set forth in section (1), certifies loss or overpayment, the correction of Tax Return should be submitted at no longer than 2 (two) years prior the assessment expires.
- (2) In the event that Taxpayer make the correction of Annual Tax Return by itself that lead the tax payable is larger; consequently, it shall be subject to administrative penalty in the form of interest as much as 2% (two percent) per month upon such amount of tax underpaid, which is calculated since the submission of the Tax Return ends until the date of payment, and part of the month that shall be fully counted for 1 (one) month.
- (2.a) In the event that Taxpayer make the correction of Periodic Tax Return by itself that lead the tax payable is larger; consequently, it shall be subject to administrative penalty in the form of interest as much as 2% (two percent) per month upon such amount of tax underpayment, which is calculated since the submission of the Tax Return ends until the date of payment, and part of the month that is fully counted for 1 (one) month.
- (3) Although the audit has been carried out but the investigation on sklent made by the Taxpayer has not been carried out, as set forth in Article 38, against the sklint deed of such Taxpayer shall not be conducted; if the Taxpayer, with will its own disclose its sklint deed by accompanied with the payment of the amount of tax underpayment that is truly payable along with the administrative penalty in the form of fine as much as 150% (one hundred and fifty percent) of the amount of tax underpayment.
- (4) Although the Director General of Tax has carried out the examination, in condition that it has not issued the tax assessment letter, the Taxpayer with its own awareness could disclose within the separate report on the sklint filling of Tax Return that has been delivered in accordance with the actual condition, which could result:
 - a. tax payable become larger or fewer;
 - b. loss pursuant to the taxation provision becomes larger of fewer;
 - c. amount of asset become larger or fewer; or
 - d. amount of capital become larger or fewer.and audit process could be continued.
- (5) Tax underpaid, resulted from the disclosure of sklint the filling of Tax Return, as set forth in section (4), along with the administrative penalty in the form of the increase as much as 50% (fifty percent) of the tax underpayment, should be paid by the Taxpayer before the said separate report is delivered.
- (6) Taxpayer could make correction to Annual Tax Return that has been submitted, in the event that the Tax payer receive the tax assessment letter, Decree of Objection, Decree of Rectification, Appeal Verdict, or Judicial

Review Verdict of the previous Taxable Year or several previous Taxable Years, that certifies the different fiscal loss to the fiscal loss that has been compensated in the Annual Tax Return that will be corrected, within the period 3 (three) months after receiving tax assessment, Decree of Objection, Decree of Rectification, Appeals Verdict, or Judicial Review Verdict, in condition that Director General of Tax has not carried out the audit.

9. Provision of Article 9 shall be amended, therefore it says as follow:

Article 9

- (1) Minister of Finance determines the due date of the payment and deposit of tax payable for a period or Taxable Period for the respective type of tax, at no longer than 15 (fifteen) days since the tax payable or the end of Taxable Period.
- (2) Tax Underpaid payable pursuant to the Annual Tax Return of Income Tax should be paid prior the Tax Return of the Income Tax is delivered.
- (2.a) Payment or tax deposit, as set forth in section (1), shall be carried out after due date of payment or tax deposit, shall be subject to administrative penalty in the form of interest as much as Rp2% (two percent) per month since the due date of payment up to the date of payment, and part of the month that shall be fully calculated 1 (one) month.
- (2.b) Upon payment or tax deposit, as set forth in section (2), which is carried out after due date of the delivery of Annual Tax Return, shall be subject to administrative penalty in the form of interest as much as 2% (two percent) per month since the end of deadline delivery of Annual Tax Return up to the date of payment, and part month that shall be fully calculated 1 (one) month.
- (3) Tax Collection Form, Underpaid-Tax Assessment, Addition of Underpaid-Tax Assessment, and Decree of Objection, Decree of Retification, Appeals Verdict, as well the Judicial Review Verdict that result the tax payable increases, should be paid within the period of 1 (one) month since the issuance.
- (3.a.) For small business Taxpayer or Taxpayer in certain region, payment period as set forth in section (3), could be extended at no longer than 2 (two) months whose provision shall be set out with or pursuant to Regulation of the Minister of Finance.
- (4) Directorate General of Tax, upon request of the Taxpayer, could grant the approval to install or postpone the payment of tax includes underpayment as set forth in section (2) at no longer than 12 (twelve) month, whose implementation shall be set out with or pursuant to the Regulation of the Minister of Finance.

10. Provision of Article 10 shall be amended, therefore it says as follow:

Article 10

- (1) Taxpayer pays or deposits the tax payable by utilizing the Tax Payment Form (SSP) to the State Treasury through the payment venue that is set out with or pursuant to the Regulation of the Minister of Finance.
 - (2.a) Tax Payment Form (SSP), as set forth in section (1), functions as the payment evidence if it has been validated by the authorized Official of the payment recipient office or if it has obtained the validation, whose provision is set out with or based on the Regulation of the Minister of Finance.
 - (2) Payment procedure, tax deposit, and its reporting as well procedure of installment and postponement of the tax payment shall be set out with or pursuant to the Regulation of the Minister of Finance.
11. Provision of Article 11 shall be amended, therefore it says as follow:

Article 11

- (1) Upon request of the Taxpayer, overpaid-tax, as set forth in Article 17, Article 17B, or Article 17D shall be returned, in condition that in the event it turns out that the Taxpayer has tax payable, it shall directly calculated to pay such tax payable first.
- (1.a) Overpayment of tax payment as result of the Decree of Objection, Decree of Rectification, Decree of the Reduction of Administrative Penalty, Decree of the Omission of Administrative Penalty, Decree of the Reduction of Tax Assessment, Decree of the Cancellation of Tax Assessment, and Appeals Verdict or Judicial Review Verdict, as well Decree of the Provision of Interest Reward shall be returned to the Taxpayer in condition it turns out that the Taxpayer does not has tax payable, it shall be directly calculated to pay first such tax payable.
- (2) Restitution of overpaid-tax, as set forth in section (1) and section (1a), shall be carried out at no longer than 1 (one) month since the application for the restitution of tax overpaid-tax is received in relation with the issuance of Overpaid-Tax Assessment, as set forth in Article 17 section (1), or since the issuance of Overpaid-Tax Assessment, as set forth in Article 17 section (2) and Article 17B, or since the issuance of Decree of the Return of Preliminary Restitution as set forth in Article 17C or Article 17D, or since the issuance of Decree of Objection, Decree of Rectification, Decree of the Reduction of Administrative Penalty, Decree of the Omission of the Administrative Penalty, Decree of the Reduction of Tax Assessment, Decree of the Cancelation of the Tax

Assessment, Decree of the Provision of Interest Reward, or since the acceptance of Appeals Verdict or Judicial Review Verdict, which leads the overpaid-tax.

- (3) In the event that the return of tax payment is carried out after the period of 1 (one) month, the Government rewards the interest as much as 2% (two percent) per month upon the delay return of overpaid-tax, it shall be calculated since the deadline, as set forth in section (2), ends until the time at which the restitution of overpaid-tax is carried out.
 - (4) Procedure for the calculation and restitution of overpaid-tax shall be set out with or pursuant or the Regulation of the Minister of Finance.
12. Provision of Article 12 shall be amended, therefore it says as follow:

Article 12

- (1) Any Taxpayer shall be obliged to pay the tax payable in accordance with the provision of tax legislation, with not depend on the presence of tax assessment letter.
 - (2) Amount of the tax payable that is in accordance with the Tax Return delivered by the Taxpayer shall be the amount of tax payable in accordance with the provision of the Regulation of the Minister of Finance.
 - (3) In the event that Director General of Tax obtains the evidence(s) on the amount of tax payable in accordance with the Tax Return, as set forth in section (2), is incorrect; the Director General of Tax stipulates the amount of tax payable.
13. Provision of Article 13 shall be amended, and it is added with 1 (one) section namely section (6), therefore Article 13 says as follow:

Article 13

- (1) Within the period of 5 (five) years after the time at which tax is payable or the end of Taxable Period, part of the Taxable Year, or Taxable Year; Director General of Tax could issue the Underpaid-Tax Assessment, in the event matters as follow are occurred:
 - a. if pursuant to the result of examination or other description of tax payable is not paid or underpaid;
 - b. if the Tax Return is not delivered within the period as set forth in Article 3 section (3) and after being reprimanded in written due to it is not delivered at the appropriate time as set forth in the Letter of Reprimand;
 - c. if pursuant to the result of examination result or other description regarding on the Value Added Tax or Sales Tax on Luxury Goods it turns out that it is

- should not be compensated excess of tax or it should not be subject to tariff 0% (zero percent);
- d. if the liability, as set forth in Article 28 and Article 28, is not fulfilled so that it is could not be found out the amount of tax payable; or
 - e. if Tax Code Numbers has been issued to and/ or the status of Taxable Entrepreneur has been officially established to the Taxpayer as set forth in Article 2 section (4a).
- (2) Amount of tax underpayment payable mentioned in the Underpaid-Tax Assessment, as set forth in section (1) letter a and letter e are added with the administrative penalty in the form of interest as much as 2% (two percent) per month at no longer 24 (twenty-four) months, since the time at which tax is payable or at which the ends of Taxable Period, part of Taxable Year, or Taxable Year until the issuance of Underpaid-Tax Assessment.
 - (3) Amount of tax of which is mentioned in the Underpaid-Tax Assessment, as set forth in section (1) letter b, letter c, and letter d shall be added with the administrative penalty in the form of the increase, as much as:
 - a. 50% (fifty percent) of the Income Tax that is not paid or that is underpaid within one Taxable Year;
 - b. 100% (one hundred percent) of the Income Tax that is not paid or that is underpaid, that is not collected or under-collected, that is not deposited or that under-deposited, and withhold or collected but is not deposited or under-deposited; or
 - c. 100% (one hundred percent) of the Value Added Tax of Good and Service, and Sales Tax on Luxury Good that is not paid or underpaid.
 - (4) Amount of the tax payable that is notified by the taxpayer mentioned in the Tax Return becomes definite in accordance with the provision of the tax legislation in the event that within the period of 5 (five) years, as set forth in section (1), after the time at which tax is payable or the end of Taxable Period, part of Taxable Year or Taxable Year does not issue the tax assessment letter.
 - (5) Although the period of 5 (five) year, as set forth in section (1) has expired, Tax Underpayment Assessment Letter remains could be issued added with the administrative penalty in the form of interest as much as 48% (forty-eight percent) of the amount of tax that is not paid or underpaid, if after such period the Taxpayer is sentenced due to committing the crime of taxation or other crime that could result the harm of state revenue pursuant to the court ruling that has permanent legal power.
 - (6) The procedure of the issuance of Underpaid-Tax Assessment, as set forth in section (5), shall be set out with or pursuant to the Regulation of the Minister of Finance.
14. Between Article 13 and Article 14 shall be inserted 1 (one) Article namely Article 13A that says as follow:

Article 13A

Taxpayer, who due to its negligence does not deliver Tax Return or delivering Tax Return but its content is incorrect or incomplete, or attaching the information whose content is incorrect so that it leads the loss to the government revenue, shall not be subject to penal sanction if such negligence is committed for the first time and the concerned Taxpayer shall be obliged to pay the payment deficiency of the tax payable along with the administrative penalty in the form of the increase of 200% (two hundred percent) of the amount of tax payable that is stipulated through the issuance of Underpaid-Tax Assessment Letter.

15. Provision of Article 14 shall be amended, therefore it says as follow:

Article 14

- (1) Director General of Tax could issue the Tax Collection Form, in the event that:
 - a. Income Tax within the current year is not paid or underpaid;
 - b. from the result of research, there is a tax payment deficiency as result the mistyping and/ or miscalculating;
 - c. Taxpayer is subjected to administrative penalty in the form of fine and/ or interest;
 - d. the entrepreneur has been established as the Taxable Entrepreneur but he/ she does not make tax invoice or make tax invoice but it is not in timely manner;
 - e. entrepreneur, who has been established as the Taxable Entrepreneur who does not fill the tax invoice completely as set forth in Article 13 section (5) Law of Value Added Tax 1984 and its amendment, other than:
 1. buyer identity, as set forth in Article 13 section (5) letter b Law of Value Added Tax 1984 and its amendment; or
 2. buyer identity as well name and signature, as set forth in Article 13 section (5) letter b and letter g Law of Value Added Tax 1984 and its amendment, in the event that the delivery is carried out by the retail Taxable Entrepreneur;
 - f. Taxable Entrepreneur reports the tax invoice that is not accord with the period of tax invoice; or
 - g. Taxable Entrepreneur who are faiedl to produce and has been provided Input Tax Refund, as set forth in Article 9 section (6a) Law of Value Added Tax 1984 and its amendment.
- (2) Tax Collection Form, as set forth in section (1), shall be has the equal legal power to the tax assessment letter.

- (3) Amount of tax payable mentioned in the Tax Collection Form, as set forth in section (1) letter a and letter b, shall be added with the administrative penalty in the form of interest as much as 2% (two percent) per month for no longer than 24 (twenty-four) months, since the time at which tax is payable or the end of Taxable Year, part of Taxable Year, or Taxable Year until the issuance of Tax Bill.
 - (4) Against the entrepreneur or the Taxable Entrepreneur, as set forth in section (1) letter d, letter e, or letter f respectively other than shall be obliged to deposit the tax payable, it shall also be subjected to administrative penalty in the form of fine as much as 2% (two percent) of the Basic Tax Imposition.
 - (5) Against the Taxable Entrepreneur, as set forth in section (1) letter g, shall be subject to the administrative penalty in the form of interest as much as 2% (two percent) per month of the amount of re-invoiced tax, calculated from the Overpaid-Tax until the date of issuance of the Tax Collection Form, and part of the month that is fully calculated 1 (one) month.
 - (6) Procedure of issuance of the Tax Collection Form shall be set out with or pursuant to Regulation of the Minister of Finance.
16. Provision of Article 15 shall be amended, therefore it says as follow:

Article 15

- (1) Director General of Tax could issue the Supplement of Underpaid-Tax Assessment within the period of 5 (five) years after the time at which tax payable or the end of Taxable Period, part of Taxable Year, Taxable Year in the event that new data that result the increase amount of tax payable is found after examination for the issuance of the Addition of Underpaid-Tax Assessment is carried out.
- (2) Amount of tax payable mentioned in the Addition of Underpaid-Tax Assessment shall be added with the administrative penalty in the form of the increase as much as 100% (one hundred percent) of such tax deficiency.
- (3) The increase, as set forth in section (2), shall not be subjected if the Addition of Underpaid-Tax Assessment is issued based on the written information from the Taxpayer upon its own willing, in condition that the Director General of Tax has not commenced examination for the issuance of the Addition of Underpaid-Tax Assessment.
- (4) In the event that after the period of 5 (five) years, as set forth in section (1) has expired, the Addition of Underpaid Assessment could be issued and added with the administrative penalty in the form of interest as

much as 48% (forty-eight percent) of the tax that is not paid or underpaid; in the event that the Taxpayer after the period of such 5 (five) year is sentenced due to criminal action of taxation or other crime that leads the loss of state revenue pursuant to the court ruling that has the permanent legal power.

- (5) Procedure of the issuance of the Addition of Underpaid-Tax Assessment, as set forth in section (4), shall be set out with or pursuant to Regulation of the Minister of Finance.

17. Provision of Article 16 shall be amended, therefore it says as follow:

Article 16

- (1) Upon the request of the Taxpayer or due to its position, the Director General of Tax could make correction of the Tax Assessment, Tax Collection Form, Decree of Rectification, Decree of Objection, Decree of the Reduction of Administrative Penalty, Decree of the Omission of Administrative Penalty, Decree of the Cancellation of Administrative Penalty, Decree of the Preliminary Restitution of Overpaid-Tax, Decree of the Provision of Interest Reward that in their issuance there is mistyping, miscalculation and/ or misapplication of the certain provision within the taxation legislation.
 - (2) Director General of Tax, within 6 (six) months since the date of request letter of correction is accepted, should issue the decision upon such request letter of application that is proposed by the Taxpayer as set forth in section (1).
 - (3) In the event that the period, as set forth in section (2) has expired, but Director General of Tax does not issue the decision, such proposed application shall be deemed approved.
 - (4) In the event that it is requested by the Taxpayer, the Director General of Tax shall be obliged to provide explanation in written regarding on the matters that become the basis to reject or approve, a part of the request of the Taxpayer as set forth in section (1).
18. Provision of the Article 17 shall be amended, therefore it says as follow:

Article 17

- (1) After conducting audit, the Director General of Tax issues Overpaid-Tax Assessment, in the event that amount of credit tax or the paid tax is larger than the tax payable.
- (2) Pursuant to the request of Taxpayer, the Director General of Tax issues the Tax issues Overpaid-Tax Assessment if there is tax payment that should be not

payable, whose provision shall be set out with or pursuant to Regulation of the Minister of Finance.

- (3) Tax issues Overpaid-Tax Assessment remains could be issued in the event that pursuant to the audit result and/ or new data, it turns out that the amount of paid tax is larger than the stipulated tax overpayment.

19. Provision of Article 17A shall be amended, therefore it says as follow:

Article 17A

- (1) After conducting the audit, the Director General of Tax issues the Nil Tax Assessment in the event that amount of credit tax or amount of the paid tax is equal to the tax payable and there is not any credit tax or there is not any tax payment.
- (2) Procedure of the issuance of the Tax issues the Nil Tax Assessment shall be set out with or pursuant to Regulation of the Minister of Finance.

20. Provision of Article 17B shall be amended, therefore it says as follow:

Article 17B

- (1) Director General of Tax, after conducting the audit against the request of the excess of tax payment refund other than the request of the excess of tax payment from the Taxpayer as set forth in Article 17C and Taxpayer as set forth in Article 17D, should issue tax assessment at no longer than 12 (twelve) months since the request letter is received in complete.
- (1.a) Provision, as set forth in section (1), shall not be applicable to the Taxpayer whose audit on the preliminary evidence of the taxation crime is in progress, whose provision shall be set out with or pursuant to Regulation of the Minister of Finance.
- (2) In the event it has exceed the period as set forth in section (1) the Director General of Tax does not issue any decision, request of the excess of tax payment refund shall be deemed approved and Overpaid-Tax Assessment shall be issued at no longer than 1 (one) month after such period ends.
- (3) In the event that such Tax issues the Overpaid-Tax Assessment is issued late, as set forth in section (2), Taxpayer shall be rewarded interest return as much as 2% (two percent) per month since the end of such period as set forth in section (2) until the time at which Overpaid-Tax Assessment is issued.
- (4) In the event that the audit result of the taxation criminal action, as set forth in section (1a), is not continued with investigation; continued with investigation, but is not continued with prosecution of the crime of taxation; or

continued with investigation and prosecution of the crime of taxation but it is acquitted or free from all legal charges pursuant to the court ruling that has permanent legal power, and in the event that Overpaid-Tax Assessment is issued to the Taxpayer, the Taxpayer is rewarded interest return as much as 2% (two percent) per month for no longer than 24 months (twenty-four) months, since the end period of 12 (twelve) months as set forth in section (1) until the time at which Overpaid-Tax Assessment is issued, and part of month shall be fully calculated 1 (one) month.

21. Provision of Article 17C shall be amended, therefore it says as follow:

Article 17C

- (1) Director General of Tax, after conducting the audit against the excess of tax payment refund of the Taxpayer with certain criteria, issues Decree of Preliminary Restitution of Overpaid-Tax at no longer than 3 (three) months since the request is accepted in complete for Income Tax, and at no longer that 1 (one) month since the request is accepted in complete for Value Added Tax.
- (2) Certain criteria, as set forth in section (1) includes:
 - a. delivering Tax Return on time;
 - b. does not have any tax arrears for all types of tax, unless tax arrears that has obtained the permission to install or postpone the tax payment;
 - c. Financial Report is audited by the Public Accountant or the government financial supervisory board with the Unqualified Opinion for 3 (three) consecutive year; and
 - d. never being sentenced due to taxation criminal action pursuant to the court ruling that has permanent legal power within the period of the last 5 (five) years.
- (3) Taxpayer with certain criteria, as set forth in section (2), shall be stipulated with the Decree of the Director General of Tax.
- (4) Director General of Tax could carry out the audit against the Taxpayer as set forth in section (1) and issues tax assessment letter, after conducting excess of tax payment refund.
- (5) In the event pursuant to the result of audit, as set forth in section (4), Director General of Tax issues Tax Underpaid-Tax Assessment, amount of the deficiency shall be added with the administrative sanction in the form of the increase as much as 100% (one hundred percent) of the amount of tax underpayment.
- (6) Taxpayer, as set forth in section (1), could not be provided the preliminary excess of tax payment, in the event that:

- a. investigation of the taxation crime is underwent to the Taxpayer;
 - b. it is late to deliver Periodic Tax Return for certain type of tax for 2 (two) consecutive Taxable Periods;
 - c. it is late to deliver Periodic Tax Return for certain type of tax for 3 (three) consecutive Taxable Periods within 1 (one) calendar year; or
 - d. it is late to deliver Annual Tax Return.
- (7) Procedure stipulation of the Taxpayer with certain criteria shall be set out with or pursuant to Regulation of the Minister of Finance.
22. Between Article 17C and Article 18 shall be inserted 2 (two) article namely Article 17D and Article 17E that say as follow:

Article 17D

- (1) Director General of Tax, after conducting audit against the request of excess of the tax payment refund from the Taxpayer who meets the certain requirement, issue the Decree of the Preliminary Restitution of Overpaid-Tax at no longer than 3 (three) months since the request is accepted in complete for Income Tax, and at no longer than 1 (one) month since the request of the excess of tax payment refund is accepted in complete for the Value Added Tax.
- (2) Taxpayer, as set forth in section (1), who could be given preliminary excess of the tax payment shall be:
 - a. Individual Taxpayer who does not perform business activity or free occupation (self-employment);
 - b. Individual Taxpayer who runs business activity or free occupation (self-employment) with the amount of business circulation and amount of overpayment up to certain amount;
 - c. Statutory Body Taxpayer with amount of business circulation and amount of overpayment up to certain amount; or
 - d. Taxable Entrepreneur who delivers Periodic Tax Return of Value Added Tax with the amount of delivery and amount of overpayment up to certain amount.
- (3) Limit for the amount business circulation, amount of delivery, and amount of overpayment, as set forth in section (2), shall be set out with or pursuant to the Regulation of the Minister of Finance.
- (4) Director General of Tax could conduct audit against Taxpayer, as set forth in section (1), and issue tax assessment letter after carrying out the preliminary excess of tax payment return.
- (5) In the event that pursuant to the audit result, as set forth in section (4), the Director General of Tax issues Underpaid-Tax Assessment, amount of tax underpayment shall be added with the administrative penalty in the form of the increase as much as 100% (one hundred percent).

Article 17E

Individual, who are not the domestic tax subject, who makes the payment the Taxable Good within the custom area that is not consumed inside the custom area could be given the return of Value Added Tax that has been paid, whose provision shall be set out with or pursuant to the Regulation of the Minister of Finance.

23. Provision of Article 18 shall be amended, therefore it says as follow:

Article 18

- (1) Tax Collection Form, Underpaid-Tax Assessment, as well Addition of Underpaid-Tax Assessment, and Decree of Rectification, Decree of Objection, Appeals Verdict, Judicial Review Verdict that leads amount of tax that should be payable increases, shall be the basic for tax billing.
- (2) Omitted.

24. Provision of Article 19 shall be amended, therefore it says as follow:

Article 19

- (1) In the event that Underpaid-Tax Assessment or Addition of Underpaid-Tax Assessment, and Decree of Rectification, Decree of Objection, Appeals Verdict, Judicial Review Verdict that leads amount of ax that should be payable increases, at the time at which due date of payment is not paid or underpaid, upon such amount that is not paid or underpaid shall be subjected to administrative penalty in the form of interest as much as 2% (two percent) per month for all periods, which is calculated from the due date until date of payment or date of issuance of the Tax Collection Form, and part of month shall be fully calculated 1 (one) month.
- (2) In the event that Taxpayer is allowed to make installment or to postpone the tax payment, it shall also be subjected to administrative penalty in the form of interest as much as 2% (two percent) per month of the tax that still should be paid and part of month shall be fully calculated as 1 (one) month.
- (3) In the event that Taxpayer is allowed to postpone the delivery of Annual Tax Return and it turns out that the temporary calculation of tax payable, as set forth in Article 3 section (5), less from the amount of actual tax payable upon such tax underpayment shall be subjected to interest as much as 2% (two percent) per month that is calculated from the last of deadline of the delivery of Annual Tax Return as set forth in Article 3 section (3)

letter b and letter c until the date at which such tax underpayment is paid and part of month shall be fully calculated as 1 (one) month.

25. Provision of Article 20 shall be amended, therefore it says as follow:

Article 20

- (1) Upon amount of tax that still should to be paid, which is pursuant to Tax Collection Form, Underpaid-Tax Assessment, Addition of Underpaid Assessment, and Decree of Rectification, Decree of Objection, Appeals Verdict, as well Judicial Review Verdict that leads amount of tax that still should be paid increased, which is not paid by Tax Assurer in accordance with the period, as set forth in Article 9 section (3) or section (3a), tax billing shall be carried out with the Distress Warrant in accordance with the provision of taxation legislation.
- (2) It shall be excluded from the provision, as set forth in section (1), consecutive and immediate billing shall be carried out in the event that:
 - a. Tax Guarantor will leave for Indonesia forever or intend to do so;
 - b. Tax Guarantor handovers good that is possessed or acquired for terminating or minimizing company's activity or occupation that made in Indonesia;
 - c. there is any signs that Tax Guarantor will dissolve business entity or merge or extend its business, or handover the possessed or acquired company, or make the change of the other form;
 - d. business entity will be dissolved by the state; or
 - e. seizure is occurred against the Tax Guarantor by the Third Party or there is any signs of bankruptcy.
- (3) Tax Collection Form with Distress Warrant shall be carried out in accordance with the provision of the taxation legislation.

26. Provision of Article 21 shall be amended, it says as follow:

Article 21

- (1) The State shall be entitled the privilege right for tax debt upon the properties belong to the Tax Guarantor.
- (2) Provision regarding on privilege right, as set forth in section (1), including principal tax, administrative penalty in the form of interest, fine, increase, and tax collection expense.
- (3) Privilege right against tax debt shall be above all privilege rights, unless against:
 - a. court fees resulted from a sentence to auction a tangible/ intangible good;
 - b. fees expensed to safe the concerned good; and/ or

- c. court fees, which only resulted by the auction and settlement of a heritage.
- (3.b.) In the event that the Taxpayer is certified in bankruptcy, dissolved, or liquidated then the curator, liquidator, person or agency that is assigned to carry out revamping shall be prohibited to divide the asset of Taxpayer in bankruptcy, dissolution, or liquidation to the shareholder to pay the tax debt of the concerned Taxpayer.
- (4) Privilege right shall be void after exceeding the period of 5 (five) years since the issuance date of the Tax Collection Form, Underpaid-Tax Assessment, Addition of Underpaid-Tax Assessment, Decree of Objection, Decree of Retification, Appeals Verdict, Judicial Review Verdict that leads amount of the tax that should be paid increased.
- (5) Calculation for the period of privilege right shall be stipulated as follow:
 - a. in the event that Distress Warrant to pay is notified officially then the period of 5 (five) years, as set forth in section (4), shall be calculated since the notification of Distress Warrant; or
 - b. in the event that it is granted the payment postponement or approval for payment installment then the period of 5 (five) years shall be calculated since the given end of deadline.

27. Provision of Article 22 shall be amended, therefore it says as follow:

Article 22

- (1) Right to perform tax collection, including interest, fine, increase, and tax collection expenses, shall be expired after exceeding the period of 5 (five) years since the issuance of Tax Collection Form, Underpaid-Tax Assessment, Addition of Underpaid Assessment, Decree of Objection, Decree of Rectification, Appeals Verdict, Judicial Review Verdict.
- (2) Expiration of tax collection, as set forth in section (1), shall be postponed in the event that:
 - a. Distress Warrant is issued;
 - b. there is the acknowledgement of tax debt from the Taxpayer, either directly or indirectly;
 - c. Underpaid-Tax Assessment, as set forth in Article 13 section (5) is issued, or Addition of Underpaid-Tax Assessment, as set forth in Article 15 section (4); or
 - d. investigation for the crime of taxation is carried out.

28. Provision of the Article 23 shall be amended, therefore it says as follow:

Article 23

- (1) Omitted.
 - (2) Appeals of the Taxpayer or Tax Guarantor against:
 - a. implementation of the Distress Warrant, Warrant for the Implementation of Seizure, or Auction Announcement;
 - b. decree of deterrence in the context of tax collection;
 - c. decree in relation with the implementation of taxation decision, other than of which is stipulated in Article 25 section (1) and Article 26; or
 - d. issuance of the tax assessment letter or Decree of Objection whose issuance is not in accordance with the procedure that have been set out in the taxation legislation.shall only be proposed to the tax court.
 - (3) Omitted.
29. Provision of the Article 24 shall be amended, therefore it says as follow:

Article 24

Procedure for the elimination of tax payable and stipulation on the amount of elimination shall be set out with or pursuant to the Regulation of the Minister of Finance.

30. Provision of Article 25 shall be amended, therefore it says as follow:

Article 25

- (1) Taxpayer could propose the objection just only to the Director General of Tax upon a:
 - a. Underpaid-Tax Assessment;
 - b. Addition of Underpaid-Tax Assessment;
 - c. Nil Tax Assessment;
 - d. Overpaid-Tax Assessment; or
 - e. tax withholding or tax collection by the third party pursuant to the provision of the taxation legislation.
- (2) Objection shall be proposed in written in Bahasa Indonesia by describing the amount of tax payable, amount of tax withheld or collected, or amount of loss in accordance with the calculation of Taxpayer completed with the reasons for the basis of calculation.
- (3) Objection shall be proposed within the period of 3 (three) months since the delivery date of tax assessment letter or since the date of withholding or tax collection, as set forth in section (1), unless if the Taxpayer is capable to show that such period could not be met due to the circumstance beyond his power.
- (3.a.) In the event that the Taxpayer proposes objection upon the tax assessment letter, the Taxpayer shall be obliged to pay the tax that still should be paid at least at amount that is agreed by the Taxpayer at the discussion of last

- examination result, prior the letter of objection is proposed.
- (4) Objection that does not meet the requirements, as set forth in section (1), section (2), section (3), or section (3a), shall not be deemed as not an objection, therefore it is not be considered.
 - (5) Acceptance receipt of the letter of objection that is provided by the designated staff of the Directorate General of Tax to accept letter of objection or receipt of the delivery of objection letter through postal service with the receipt of delivery, or any other means that is set out with or pursuant to Regulation of the Minister of Finance.
 - (6) In the event that it is requested by the Taxpayer for the purpose of proposing the objection, the Director General of Tax shall be obliged to provide explanation in written regarding on the matters that become basic imposition o tax, loss calculation, or tax withholding or collection.
 - (7) In the event that the Taxpayer proposes the objection, the tax payment period, as set forth in Article 9 section (3) or section (3a) upon amount of the postponed tax up to 1 (one) month since the date of issuance of the Decree of Objection.
 - (8) Amount of tax payable at the time at which the objection request submission, as set forth in section (7), shall exclude as the tax debt as set forth in Article 11 section (1) and section (1a).
 - (9) In the event that the Taxpayer objection is rejected or partially approved, the Taxpayer shall be subjected to administrative penalty in the form of fine as much as 50% (fifty percent) of the total tax based on the decision of objection deducted with tax that has been paid prior the objection is submitted.
 - (10) In the event that the Taxpayer is proposed the appeals, administrative penalty in the form of fine as much as 50% (fifty percent), as set forth in section (9), shall not be subjected to.
31. Provision of Article 26 shall be amended, therefore it says as follow:

Article 26

- (1) Within the period of 12 (twelve) months, the Director General of Tax should issue the decision upon the proposed objection, since the receipt date of the letter of objection.
- (2) Prior to issue the decree, Taxpayer could deliver additional reason or written explanation.
- (3) Decision of the Director General of Tax upon the objection could be in the form of approving totally or partially, rejecting or adding the amount of tax payable.
- (4) In the event that the Taxpayer proposes objection against the tax assessment letter, as set forth in Article 13 section (1) letter b and letter d, the concerned Taxpayer

should be capable to evidence the unrighteousness of the tax assessment letter.

- (5) In the event that the period, as set forth in section (1), has been expired and the Directorate General of Tax does not give any decision, the proposed objection shall be deemed approved
32. Between Article 26 and Article 27 shall be inserted 1 (one) article, namely 26A that says as follow:

Article 26A

- (1) Procedure for the submission and settlement for objection shall be set out with or pursuant to the Regulation of the Minister of Finance.
 - (2) Procedure for the submission and settlement for objection, as set forth in section (1), such as sets out the provision of the right to the Taxpayer to present for presenting the explanation or obtaining the explanation regarding on its objection.
 - (3) In the event the Taxpayer does not utilize its right, as set forth in section (2), process of objection could still be settled.
 - (4) Taxpayer who does not disclose its bookkeeping, records, data, information, or any other description within the process of objection that is not provided at the audit is carried out, other than the data and information that have not been obtained by the Taxpayer from the third party at the time the examination, such bookkeeping, records, data, information, or any other description shall not be considered during the settlement of its objection.
33. Provision of Article 2 shall be amended, therefore it says as follow:

Article 27

- (1) Taxpayer could propose the request for appeals only at the court tax against the Tax Assessment as set forth in Article 26 section (1).
- (2) Court Tax Ruling shall be the special court ruling within the scope of the administrative court.
- (3) Proposal, as set forth in section (1), shall be proposed in written in bahasa Indonesia completed with the clear reasons at no longer than 3 (three) months since the Tax Assessment is received and shall be attached with the copy of such Decree of Objection.
- (4) Omitted.
- (4.a) Director General of Tax, if it is requested by the Taxpayer for the purpose of the proposal of the request of appeal, shall be obliged to provide the written explanation regarding on the matters that become the basic of the Decree of Objection to be issued.
- (5) Omitted.

- (5.a) In the event the Taxpayer proposes the appeals, the period for tax payment as set forth in article 9 section (3), section (3a) or Article 25 section (7), upon amount of the tax payable when request of objection is made, shall be postponed up to 1 (one) month since the issuance of Appeals Verdict.
 - (5.b) Amount of the tax payable when the request of objection is made, as set forth in section (5a), shall excludes as the tax debt as set forth in Article 11 section (1) and section (1a).
 - (5.c) Amount of the tax payable when the request of appeals is made is not the tax payable up to the issuance of Appeals Verdict.
 - (5.d) In the event that the request of appeals is rejected or partially approved, Taxpayer shall be subjected to administrative penalty in the form of fine as much as 100% (one hundred percent) of the amount of tax payment that have been paid prior to propose the request.
 - (6) Tax court, as set forth in section 91) and Article 23 section (2), shall be set out with the legislation.
34. Provision of Article 27A shall be amended, therefore it says as follow:

Article 27A

- (1) In the event that request of objection, request of appeals or request of judicial review is approved partially or overall, as long as tax payable still should be paid as set forth in Underpaid-Tax Assessment, Addition of Underpaid Assessment, Nil Tax Assessment, and Overpaid Assessment that has been paid results the tax overpayment, such overpayment shall be returned by added with interest reward as much as 2% (two percent) per month for non longer than 24 (twenty-four) months in condition as follow:
 - a. for Underpaid-Tax Assessment, Addition of Underpayment-Tax Assessment shall be calculated since the date of payment that results tax overpayment up to the issuance of Decree of Objection, Appeals Verdict, or Judicial Review Verdict; or
 - b. for Nil Tax Assessment, and Overpaid-Tax Assessment shall be calculated since the issuance of tax assessment letter up to the issuance of Decree of Rectification, Decree of the Reduction of Tax Assessment, or Decree of the Cancellation of Tax Assessment; or
 - c. for Tax Collection Form shall be calculated since the date of payment that results the tax overpayment up to the issuance of Decree of Correction, Decree of the Reduction of Tax

Assessment, or Decree of the Cancellation of Tax Assessment.

- (2) Interest reward, as set forth in section (1), shall also be rewarded upon the overpayment of administrative penalty in the form of fine as set forth in Article 14 section (4) and/ or interest as set forth in Article 19 section (1) pursuant to the Decree of the Reduction of Administrative Penalty or the Decree of the Omission of Administrative Penalty as result the issuance of Decree of Objection, Appeals Verdict, Judicial Review Verdict that partially or overall approves the request of the Taxpayer.
 - (3) Procedure for the calculation of tax restitution of overpaid tax and the provision of interest reward shall be set out with or pursuant to the Regulation of the Minister of Finance.
35. Provision of Article 28 shall be amended, therefore it says as follow:

Article 28

- (1) Individual Taxpayer who performs business activity or self-employment and statutory body Taxpayer in Indonesia shall be obliged to make bookkeeping.
- (2) Taxpayer who is excluded from the obligation to make bookkeeping, as set forth in section (1), but obliged to make recording shall be the individual Taxpayer who performs business activity or self-employment that is in accordance with the provision of taxation legislation shall be allowed to calculate the net income using the Net Income Calculation Norm and Individual Taxpayer who does not perform business activity or self-employment.
- (3) Such recording or bookkeeping shall be carried in regard with the good faith and reflecting the real condition and business activity.
- (4) Bookkeeping or recording shall be carried out in Indonesia using Latin alphabet, Arabic Numeral, currency unit of Rupiah, and shall be prepared in Bahasa Indonesia or foreign language that is allowed by the Minister of Finance.
- (5) Bookkeeping shall be carried out with the principle of consistent (*taat asas*) and with accrual system or cash system.
- (6) The change upon the bookkeeping method and/ or accounting year should obtain the approval from the Director General of Tax.
- (7) Bookkeeping at least consists of the record on assets, liability, capital, revenue and expense, as well sales and purchase so that amount of tax could be calculated.
- (8) Bookkeeping using foreign language and currency other than Rupiah could be carried out by the Taxpayer after obtaining approval from the Minister of Finance.

- (9) Recording, as set forth in section (2), consisting of data that is gathered periodically that includes the circulation or gross revenue and/ or gross revenue as the basis for calculating the amount of tax payable, including revenue that is not the tax object and/ or revenue that is subjected to tax whose nature is final.
 - (10) Omitted.
 - (11) Book, record, and document that become the basis of bookkeeping or recording and other document includes data processing result from the bookkeeping that is managed electronically or using on-line application program shall be obliged to be kept for 10 (ten) years in Indonesia, which is at which the business activity or residence of the Individual Taxpayer, or the domicile of the entity Taxpayer.
 - (12) Form and procedure of recording, as set forth in section (2), shall be set out with or pursuant to the Regulation of the Minister.
36. Provision of Article 29 shall be amended, therefore it says as follow:

Article 29

- (1) Director General of Tax shall be authorized to conduct audit to assess the compliance of the fulfillment of taxation liability of the Taxpayer and for the other purpose in the context of implementing the provision of taxation legislation.
 - (2) For the purpose of audit, the auditor should possess the identity as the auditor and shall be completed with the Warrant of Examination as well showing to the Taxpayer to be audited.
 - (3) The audited Taxpayer shall be obliged to:
 - a. showing and/ or borrowing the book or record, document that becomes the basis, and other document relates to the acquired revenue, business activity, self-employment of the Taxpayer, or object tax payable;
 - b. providing the opportunity to enter the place or room that is considered necessary and provide the assistance for the smoothness of the audit; and/ or
 - c. providing the required information.
 - (3.a.) Book, record, and document, as well data, information, and other information, as set forth in section (3) shall be obliged to be fulfilled by the Taxpayer at no longer 1 (one) month since the request is submitted.
 - (3.b.) In the event that the Individual Taxpayer who performs business activity or self-employment does not meet the provision, as set forth in section (3), therefore amount of taxable income could not be calculated, such taxable income shall be calculated officially in accordance with the provision of taxation legislation.
4. In the event that in disclosing the bookkeeping, recording, or document as well required information,

Taxpayer is bound with the obligation to keep the confidential, then such obligation shall be omitted for the purpose of examination as set forth in section (1).

37. Between Article 29 and Article 30 shall be inserted 1 (one) article namely Article 29A that says as follow:

Article 29A

Toward the statutory body Taxpayer whose statement registration of share emission has been stated effective by the supervisory board of capital market and have delivered Tax Return that attached with the Financial Statement that has been audited by the Public Accountant with Unqualified Opinion, which is:

- a. Annual Tax Return of the Taxpayer certifies overpayment as set forth in Article 17B; or
 - b. it is selected to be examined through Office Audit.
could be examined through Office Audit.
38. Provision of Article 30 shall be amended, therefore it says as follow:

Article 30

- (1) Directorate General of Tax shall be authorized to seal the place or certain room as well tangible/ intangible good if the Taxpayer does not fulfill its liability as set forth in Article 29 section (3) letter b.
 - (2) Procedure of sealing, as set forth in section (1), shall be set out with or pursuant to Regulation of the Minister of Finance.
39. Provision of Article 31 shall be amended, therefore it says as follow:

Article 31

- (1) Procedure of audit shall be set out with or pursuant to the Regulation of the Minister of Finance.
- (2) Procedure of audit, as set forth in section (1), among other shall set out on the re-audit, period of examination, obligation to deliver the notification of examination result to the Taxpayer, and right of the Taxpayer to presence in the last session of audit result within the determined deadline.
- (3) In the event during implementing the audit, the Taxpayer does not fulfill the obligation as set forth in Article 29 section (3) that results the calculation of taxable income is carried out in ex officio, the Director General of Tax shall be obliged to deliver notification letter resulted from the audited result to the Taxpayer and provide the right to the Taxpayer to presence at the last session of the audit result within determined deadline.

40. Provision of the Article 32 shall be amended, therefore it says as follow:

Article 32

- (1) During implementing its right and obligation in accordance with the provision of the taxation legislation, Taxpayer shall be represented in the event that:
 - a. statutory body shall be represented by the official;
 - b. statutory body that is stated in bankruptcy by the curator;
 - c. statutory body in dissolution by individual or entity that is assigned to perform clearance;
 - d. entity is under liquidation by the liquidator;
 - e. an inheritance that has not been divided by one of the heirs, its implementer of inheritance or those who manages the inheritance; or
 - f. minors child or person under guardianship by the guardian.
- (2) Representative, as set forth in section (1), shall be responsible individually and/ or jointly or severally upon the payment of tax payable, unless if it is can prove and ensure the Director General of Tax that in their position they are impossible to be borne with the obligation upon such tax payable.
- (3) Individual or entity could appoint a proxy with exclusive power of attorney to implement right and fulfill the obligation in accordance with the provision of taxation legislation.
- (3.a.) Requirement as well the implementation of right and obligation of the proxy, as set forth in section (3), shall be set out with or pursuant to the Regulation of the Minister of Finance.
- (4) It is included into the definition of official, as set forth in section (1) letter a, shall be the person who really authorized to determine the policy and/ or take the decision in managing the company.

41. Provision of Article 33 shall be omitted.

Article 33

Omitted.

42. Provision of the Article 34 shall be amended, therefore it says as follow:

Article 34

- (1) Any official shall be prohibited to disclose to the other party anything that is known or disclosed to him by the Taxpayer in regard with its office or occupation to implement the provision of the taxation legislation.

- (2) Prohibition, as set forth in section (1), shall also be applicable to the experts who are appointed by the Director General of Tax to assist in the implementation of the provision of taxation legislation.
 - (2.b) It shall be excluded from the provision as set forth in section (1) and section (2):
 - a. official or expert who act as a witness or expert witness in the court hearing; or
 - b. official or expert who is appointed by the Minister of Finance to provide explanation to the official of state agency or government institution who are authorized to implement examination in state financial affairs.
 - (3) For the interest of the state, Minister of Finance shall be authorized to grant in written to the official, as set forth in section (1) and to the expert as set forth in section (2), to provide and show written evidence(s) and information of the Taxpayer to the designated party.
 - (4) For the interest of audit in the court hearing within the penal or civil case, upon request the Judge in accordance with the Criminal Law or Civil Law, Minister of Finance could grant in written to the official as set forth in section (1) and to the expert as set forth in section (2), to provide and show written evidence(s) and information of the Taxpayer that is on his hold.
 - (5) Request of the Judge, as set forth in section (4), should mention name of the suspect or name of the defendant, the required information, as well the relationship between the required concerned criminal or civil case.
43. Provision of the Article 35 shall be amended, therefore it says as follow:

Article 35

- (1) In the event when implementing the provision of taxation legislation, information or evidence(s) from bank, public accountant, notary, tax consultant, administrative office and/ or the other third party that has relationship to the Taxpayer under tax audit is required; tax collection, or investigation of the taxation criminal action, upon written request of the Director General of Tax, such parties shall be obliged to provide information or the required evidence(s).
- (2) In the event that parties, as set forth in section (1), is bound to the obligation to conceal, for the interest of audit, tax collection, or investigation of the crime of taxation, such obligation shall be omitted, unless for the bank, obligation to conceal shall be omitted upon written request from the Minister of Finance.
- (3) Procedure for the request of information or evidence to the parties who are bound to the obligation to conceal, as set forth in section (2), shall be set out with or pursuant to the Regulation of the Minister of Finance.

44. Between Article 35 and Article 36 shall be inserted 1 (one) article, namely Article 35A that says as follow:

Article 35A

- (1) Any government institution, agency, association, and other party, shall be obliged to provide data and information in relation with the taxation to the Directorate General of Tax whose provision shall be set out with the Regulation of the Government in the view of the provision as set forth in Section 35 section (2).
 - (2) In the event that data and information, as set forth in section (1), is insufficient, the Director General of Tax shall be authorized to gather data and information for the interest of state revenue whose provision shall be set out with the Regulation of the Government in the review of provision as set forth in Article 35 section (2).
45. Provision of Article 36 shall be amended, therefore it says as follow:

Article 36

- (1) Due to its position or upon request of the Taxpayer, the Director General of Tax could:
 - a. reducing or omitting the administrative penalty in the form of interest, fine, increase of tax payable in accordance with the provision of the taxation legislation in the event that such penalty is increased due to the oversight of Taxpayer or not due to its oversight;
 - b. reducing or canceling the incorrect tax assessment;
 - c. reducing or canceling the Tax Collection Form, as set forth in Article 14, which is incorrect; or
 - d. canceling the tax audit result or tax assessment letter as result of the audit result that is carried out without:
 1. delivery of the notification letter of the examination result; or
 2. last session of the audit result with the Taxpayer.
- (1.a) Request, as set forth in section (1) letter a, letter b, and letter c only could be submitted by the Taxpayer maximum 2 (two) times.
- (1.b) Request, as set forth in section (1) letter d only could be submitted by the Taxpayer 1 (one) time.
- (1.c) Director General of Tax, within the period at no longer than 6 (six) months since the date of request, as set forth in section (1), is accepted, should provide the decision upon the submitted request.
- (1.d) In the event that period, as set forth in section (1c), has expired but the Director General of Tax does not provide the decision as set forth in section (1), it shall be deemed approved.

- (1.e) In the event it is requested by the Taxpayer, Director General of Tax shall be obliged to provide written explanation that becomes the basis to reject or approve partially of the request of the Taxpayer as set forth in section (1c).
 - (2) Implementing provision of section (1), section (1a), section (1b), section (1c), section (1d), and section (1e) shall be set out with or pursuant to Regulation of the Minister of Finance.
46. provision of Article 36A shall be amended, therefore it says as follow:

Article 36A

- (1) Tax official who due to its negligence or deliberately calculate or stipulate the tax that is in accordance with the provision of the taxation legislation shall be subjected to the sanction in accordance with the provision of legislation.
 - (2) Tax official who during performing its duty deliberately act beyond its authority that is set out in the provision of the taxation legislation, could be reported to the internal unit of the Department of Finance that is authorized to conduct audit and investigation and if it is evidenced such tax official shall be subjected to sanction in accordance with the provision of legislation.
 - (3) Tax official who during performing its duty evidenced to commit extortion and threats to the Taxpayer for personal interest unlawfully shall be subjected to sentenced as set out in Article 368 of Criminal Law.
 - (4) Tax official who with the intent to enrich itself unlawfully by misusing its authority to force anyone to provide something, to pay or receive payment, or to do something for him/herself, shall be punished by sentence as set out in Article 12 Law Number 31 Year 1999 on the Corruption Eradication and its amendment.
 - (5) Tax official could not be prosecuted, either in civil or penal, if during performing its duty is based upon good faith and in accordance with the provision of the taxation legislation.
47. Between Article 36A and Article 37 shall be inserted 3 (three) article namely Article 36B, Article 36C, Article 36D that say as follow:

Article 36B

- (1) Minister of Finance shall be obliged to make the code ethic for the staff of Directorate General of Tax.
- (2) Staff of the Directorate General of Tax shall be obliged to comply with the code ethic for the staff of the Directorate General of Tax.

- (3) Implementing supervisory and accommodation for grievance for the breach of the code ethic of the staff of the Directorate General of Tax shall be carried out by the Code Ethic Committee whose provision shall be set out with or pursuant to the Regulation of the Minister of Finance.

Article 36C

Minister of Finance establishes supervisory committee for taxation whose provision shall be set out with or pursuant to the Regulation of the Minister of Finance.

Article 36D

- (1) Directorate General of Tax could be rewarded incentive upon certain basis performance achievement.
 - (2) Rewarding of the incentive, as set forth in section (1), shall be stipulated through State Budget Revenue and Expenditure.
 - (3) Procedure for rewarding and utilization of the incentive, as set forth in section (1), shall be set out with the Regulation of the Minister of Finance.
48. Between Article 37 and Article 38 shall be inserted 1 (one) article namely 37A that says as follow:

Article 37A

- (1) Taxpayer, who delivers the correction of Annual Tax Return prior the Taxable Year 2007, which results the tax payable become larger and shall be carried out at no longer than 1 (one) year after this Law is applicable, could be given the reduction or omission administrative penalty in the form of interest upon the payment delay of tax underpayment whose provision shall be set out with or pursuant to the Regulation of the Minister of Finance.
 - (2) Individual Taxpayer who voluntarily registers itself to obtain Taxpayer Identification Number at no longer than 1 (one) year since this Law is applicable shall be given the omission of the administrative penalty upon the tax that is not paid or underpaid for the Taxable Year prior the Taxpayer Identification Number is obtained and tax examination is not carried out, unless there is data or information certifies that the Tax Return delivered by the Taxpayer is incorrect or states overpayment.
49. Provision of Article 38 shall be amended, therefore it says as follow:

Article 38

Anyone who due to its oversight:

- a. does not deliver its Tax Return; or
- b. delivering Tax Return, but the content is incorrect or incomplete, or attaching the information whose content is incorrect so that it result the loss to the state revenue and such deed is the deed after the first deed, as set forth in Article 13A, shall be subjected to fine at least 1 (one) time of the amount of tax payable that is not paid or underpaid and no larger than 2 (two) times amount of the tax payable that is not paid or underpaid, or shall be subjected to sentence of imprisonment at least 3 (three) months or no longer than 1 (one) year.

50. Provision of Article 39 shall be amended, therefore it says as follow:

Article 39

- (1) Anyone who deliberately:
 - a. does not register for itself to be provided Taxpayer Code Numbers or does not report its business to be established as Taxable Entrepreneur;
 - b. misusing or using without right the Taxpayer Code Numberx or the Establishment of the Taxable Entrepreneur;
 - c. does not deliver Tax Return;
 - d. delivering Tax Return and/ or information whose content is incorrect or incomplete;
 - e. refusing to be underwent the audit as set forth in Article 29;
 - f. showing the bookkeeping, recording, or other document which is fake or be falsified as if it is correct, or does not represent the real condition;
 - g. does not conduct the bookkeeping or recording in Indonesia, does not show or borrow the book, record, or other document;
 - h. does not keep the book, record, or other document that become the bookkeeping or recording and other document that is managed electronically or it is managed in online application program in Indonesia as set forth in Article 28 section (11); or
 - i. does not pay the tax that has been withheld or collected so that it results the loss for the state revenue shall be subjected to sentence imprisonment at least 6 (six) months and at no longer than 6 (six) years and shall be subjected to fine at least 2 (two) times of the amount of tax payable that is not paid or underpaid and at no more than 4 (four) times of the amount of tax payable that is not paid or underpaid.
- (2) Sentence, as set forth in section (1), shall be added with 1 (one) time to be 2 (two) times penal sanction if anyone recommit the crime of taxation before passing 1 (one)

year since the end of the sentence of imprisonment that is imposed to him.

- (3) Anyone who attempts to commits crime of taxation or using without right the Taxpayer Identification Number or Establishment of the Taxable Entrepreneur, as set forth in section (1) letter b, or delivering the Tax Return and/ or information whose content is incorrect r incomplete, as set forth in section (1) letter d, for the context to propose restitution or make tax compensation or crediting the tax, shall be subjected to penal sentence of imprisonment at least 6 (six) months and no longer than 2 (two) years and fine at least 2 (two) times of the compensation or credit that has been made and at no more than 4 (four) times amount of restitution that is requested and/ or compensation or crediting that has been made.

51. Between Article 39 and Article 40 shall be inserted 1 (one) article namely Article 39A that says as follow:

Article 39A

Anyone who deliberately:

- a. issues and/ or utilizes the tax invoice, tax collection proof, tax withholding proof, and/ or tax payment proof that is not based on the real transaction; or
- b. issues the tax invoice but it has been established as the Taxable Entrepreneur

shall be subject to penal sanction of imprisonment at least 2 (two) years and no longer than 6 (six) years as well fine at least 2 (two) times amount of tax invoice proof, tax collection proof, tax withholding proof, and/ or tax payment proof and no more than 6 (six) times amount of tax invoice proof, tax collection proof, tax withholding proof, and/ or tax payment proof.

52. Provision of the Article 41 shall be amended, therefore it says as follow:

Article 41

- (1) Official who due its oversight does not fulfill its obligation to conceal the matters, as set forth in Article 34, shall be subjected to penal sentence of imprisonment for no longer than 1 (one) year and fine no more than Rp25.000.000,00 (twenty-five million rupiah).
- (2) Official who deliberately does not fulfill its obligation or anyone who results the obligation of the official is not fulfilled, as set forth in Article 34 shall be subjected to penal sentence of imprisonment for no longer than 2 (two) years and fine at no more than Rp50.000.000,00 (fifty million rupiah).
- (3) Prosecution against the crime, as set forth in section (1) and section (2) shall only be carried out upon the

grievance of the person whose confidentiality is breached.

53. Provision of the Article 41A shall be amended, therefore it says as follow:

Article 41A

Anyone who obliged to provide required information or evidence, as set forth in Article 35, but deliberately does not provide information or evidence, or provide the information or evidence that is incorrect shall be subjected to penal sentence of imprisonment for no longer than 1 (one) year and fine for no more than Rp25.000.000,00 (twenty-five million rupiah).

54. Provision of Article 41B shall be amended, therefore it says as follow:

Article 41B

Anyone who deliberately hinder or complicate the investigation of the crime of taxation shall be subjected to penal sentence of imprisonment for no longer 3 (three) years and fine at no more than Rp75.000.000,00 (seventy-five million rupiah).

55. Between Article 41B and Article 42 shall be inserted 1 (one) article namely Article 41C that says as follow:

Article 41C

- (1) Anyone who deliberately does not fulfill its obligation, as set forth in Article 35A section (1), shall be subjected to penal sentence of imprisonment for no longer than 1 (one) year or fine for no more than Rp1.000.000.000,00 (one billion rupiah).
- (2) Anyone who deliberately results the obligation of the official and other party are not fulfilled, as set forth in Article 35A section (1) shall be subjected to penal sentence of imprisonment for no longer than 10 (ten) months or fine at no more than Rp800.000.000,00 (eight hundred million).
- (3) Anyone who deliberately does not provide the required data and information by the Directorate General of Tax, as set forth in Article 35A section (2) shall be subjected to penal sentence of imprisonment for no longer than 10 (ten) months or fine at no more than Rp800.000.000,00 (eight hundred million rupiah).
- (4) Anyone who deliberately misuses data and information of taxation so that it results the loss to the government revenue shall be subjected to penal sentence of imprisonment for no longer than 1 (one) year or fine at no more than Rp500.000.000,00 (five hundred million rupiah).

56. Provision of Article 43 shall be amended, therefore it says as follow:

Article 43

- (1) Provision, as set forth in Article 39 and Article 39A, shall also be applicable to the representative, proxy, employee of the Taxpayer, or other party who order to commit it, who involve to commit, who suggests, or who assists to commit criminal action of taxation.
 - (2) Provision, as set forth in Article 41A and 41B, shall also be applicable to those who order to commit, who suggest to commit, or who assist to commit the crime of taxation.
57. Prior Article 44 within the CHAPTER IX shall be inserted 1 (one) article namely Article 43A that says as follow:

Article 43A

- (1) Director General of Tax, based on the information, data, report, and complaint, shall be authorized to conduct examination of the preliminary evidence prior the investigation of the crime of taxation is conducted.
 - (2) In the event the indication of the crime of taxation is found that involved the staff of the Directorate General of Tax, Minister of Finance could assign the internal inspection unit within the scope of the Finance Department to conduct the audit of the preliminary evidence.
 - (3) In the event that indication of corruption is found from the preliminary evidence, such staff of the Directorate General of Tax shall be processed in accordance to the provision of the Legislation of Corruption.
 - (4) Procedure of examination of the preliminary evidence of the criminal action of taxation, as set forth in section (1) and section (2), shall be set out with or pursuant to the Regulation of the Minister of Finance.
58. Provision of Article 44 shall be amended, therefore it says as follow:

Article 44

- (1) Investigation on the crime of taxation could only be carried out by the certain Official of the Civil Servant within the scope of Directorate General of Tax who is assigned with the exclusive authority as the investigator of the crime of taxation.
- (2) Authority of the investigator, as set forth in section (1), shall be:
 - a. receiving, searching, gathering, and researching the information or report concerning with the crime of

- taxation in order to make clear such report or information;
- b. researching, searching, and gathering the information concerning the individual or entity on the truth of the deed that has been made in relation with the crime of taxation;
 - c. requesting for information or evidence material from individual or statutory body in relation with the crime of taxation;
 - d. auditing the book, record, and other document in relation associated with the crime of taxation;
 - e. conducting the shakedown to obtain the evidence material of bookkeeping, recording, and other document, as well conducting the seizure against such evidence material;
 - f. asking for the assistance from the expert for the purpose of the implementation of its investigation against the crime of taxation.
 - g. ordering to stop/ or prohibiting someone to leave the room or place at which the audit is ongoing and auditing the identity of the person, object, and/ or document that is brought;
 - h. taking the photograph someone associated with the crime of taxation;
 - i. summoning the person to hear its information and examined as the suspect/ or witness;
 - j. stopping the investigation; and/ or
 - k. conducting other action that is considered necessary for the smoothness of the investigation of the crime of taxation in accordance with the provision of legislation.
- (3) Investigator, as set forth in section (1), shall notify the commencement of investigation and deliver the result of investigation to the public prosecutor through the official of the Indonesia National Police in accordance with the provision that is set out in the Criminal Law.
 - (4) For implementing the authority in investigation, as set forth in section (1), the investigator could request for the assistance from the other law enforcement apparatus.
59. Provision of the Article 44B shall be amended, therefore it says as follow:
- (1) For the interest of the fovernment revenue, upon request of the Minister of Finance, the Supreme Attorney could termine the investigation of the crime of taxation at no longer than the period of 6 (six) months since the date of request letter.
 - (2) Termination of the investigation of the crime of taxation, as set forth in section (1), shall only be carried out after the Taxpayer pay the debt tax that is not paid or underpaid or that should not be returned and added with the administrative penalty in the form of interest as

much as 4 (four) times amount of the tax that is not paid or underpaid, or that should no to be returned.

Article II

1. Toward all taxation rights and obligations of the Taxable Year 2001 up to Taxable Year 2007 that have not been settled, it shall be subjected to the provision of the Law Number 6 Year 1983 on the General Provision and Procedure of Taxation as it has been several times amended lastly with the Law Number 16 Year 2000.
2. It shall be excluded from the provision, as set forth in number 1, the expiration establishment of the Taxable Period, Part of the Taxable Period, other than the establishment as set forth in Article 13 section (5) or Article 15 section (4), ends at no longer than the Taxable Year 2013.
3. This Law shall come into effect at 1 January 2008.

For public cognizance, it is ordered to promulgate this Law by placing in the State Gazette of the Republic of Indonesia.

Stipulated in Jakarta
on 17 July 2007

PRESIDENT OF THE REPUBLIC OF
INDONESIA

DR SUSILO BAMBANG YUDHOYONO

Promulgated in Jakarta
on 17 July 2007

MINISTER OF JUSTICE AND HUMAN RIGHT
OF THE REPUBLIC OF INDONESIA

ANDI MATTALATTA

STATE GAZETTE OF THE REPUBLIC OF INDONESIA YEAR 2007 NUMBER 85

ELUCIDATION
OF
THE LAW OF THE REPUBLIC OF INDONESIA
NUMBER 28 YEAR 2007
ON
THE THIRD AMENDMENT OF THE LAW NUMBER 6 YEAR 1983 ON GENERAL
PROVISION AND TAXATION PROCEDURE

I. GENERAL

1. Law on the General Provision and Taxation Procedure shall be based on the philosophy of *Pancasila* and Constitution of the Republic of Indonesia 1945, which the provision to uphold the citizen right and placing the obligation of taxation as the state liability are included. This Law is included the general provision and taxation procedures that is principally applicable to the material taxation legislation, unless in the concerned law of tax has organized themselves regarding on the general provision and taxation procedures.
2. In line with the growth of economy, information technology, social, and politic, it is considered to make the amendment to the Law on General Provision and Taxation Procedure. Such amendment aims to further provide the justice, increasing the service to the Taxpayer, increasing the certainty and law enforcement, as well to anticipate the growth of information technology and the amendment of material provision in the taxation. In addition, such amendment aims to improve the professionalism of the taxation apparatus, improving transparency in taxation administration, and improving the voluntarily obedience of the Taxpayer.
3. The simple system, mechanism, and the implementing procedure of right and obligation of taxation become the characteristic and feature of the amendment of this Law with remaining adhere the system of self-assessment. Particularly, such amendment relates to the improvement of the balance between right and obligation of the Taxpayer community so that they could implement their right and obligation of taxation better.
4. By adhering to the principle of legal certainty, justice, and simplicity; direction and objective of the amendment of the Law on General Provision and Taxation Procedure referring to the principle policy as follow:
 - a. increasing the efficiency of tax collection to support the government revenue;
 - b. improving the service, legal and justice certainty to the community to increase competitiveness in the capital investment affairs, with adhere to the small and middle business development;
 - c. adjusting the demand of the growth of social economy of the community as well the growth of information technology;
 - d. improving the balance between the right and obligation;

- e. simplifying the taxation administrative procedure;
- f. improving the application of the principle of self-assessment in accountable and consistent manner; and
- g. supporting the business climate to the competitive and conducive direction.

By the implementation of such principle policy it is expected that it could improve the state revenue in the middle and long term period in line with the increase of voluntarily obedience of the community and business climate that is getting better.

II. ARTICLE BY ARTICLE

Article I

Number 1

Article 1

Section (1)

Self-explanatory

Number 2

Article 2

Section (1)

All Taxpayers, who have met the objective and subjective requirement in accordance with the provision of the taxation legislation based on the system of self-assessment, shall be obliged to register themselves to the office of the Directorate General of Tax to be registered as the Taxpayer and as well to obtain the Taxpayer Code Number.

Subjective requirement shall be the requirement that is in accordance with the provision on the tax subject in the Law on Income Tax 1984 and its amendment.

Objective requirement shall be the requirement for the tax subject that receives or obtains income or obliged to carry out the withholding/ collection that is in accordance with the provision of the Law on Income Tax 1984.

Obligation to register themselves shall be applicable also to the married woman who is subject to tax separately as result she life separately pursuant to the judge ruling or it is desired in written based on the segregation of assets and income agreement.

Married woman, other than mentioned above, could also register for herself to obtain the Taxpayer Code Number at the name of herself in order such married woman could implement the taxation right and obligation separated from the taxation right and obligation of her husband.

Taxpayer Code Number shall be an instrument within the taxation administration that is utilized as the personal identification or the identity as Taxpayer. Therefore, for one Taxpayer shall only be given one Taxpayer Code Number. In addition, Taxpayer Identification Number shall also be utilized to maintain the order in the tax payment and in the supervision of taxation administration. In the event that in relation with the taxation document, Taxpayer shall be obliged to mention its Taxpayer Identification Number. Taxpayers who does not register themselves to obtain Taxpayer Code Number shall be subject to the penalty in accordance with the provision of the taxation legislation.

Section (2)

Any Taxpayer as the Entrepreneur who is subjected to the Value Added Tax pursuant to the Law on Value Added Tax 1984 and its amendment shall be obliged to report its business to be established as the Taxable Entrepreneur.

Individual Entrepreneur shall be obliged to report its business to the office of the Directorate General of Tax whose working region covers the residence of the Entrepreneur and domicile of business place is carried out, while to the entity Entrepreneur shall be obliged to report its business to the office of the Directorate General of Tax whose working region covers the domicile of the Entrepreneur and place in which the business activity is carried out.

Therefore, individual or entity Entrepreneur who has the domicile of business activity within the working region of several offices of the Directorate General of Tax shall be obliged to report its business activity to be established as the Taxable Entrepreneur either in the office of the Directorate General of Tax whose working region covers its residence or the domicile of the Entrepreneur or at the office of the Directorate General of Tax in which the business activity is carried out.

Function of the establishment of the Taxable Entrepreneur, other than to find out the actual identity of the Taxable Entrepreneur, it is also useful to implement the right and obligation of Value Added tax and Selling Tax on Luxury Good as well for supervising the taxation administration.

To the Entrepreneur, who has met the requirement as the Taxable Entrepreneur, but does not report its business to be established as the Taxable Entrepreneur, shall be subject to penalty in accordance with the provision of taxation legislation.

Section (3)

To the certain Taxpayer or the Taxable Entrepreneur, the Director General of Tax could determine the office of the Director General of Tax other than has been stipulated in section (1) and section (2), as the place of registration to obtain the Taxpayer Number Identification and/ or the Establishment of Taxable Entrepreneur.

In addition, for the certain Individual Taxpayer, which is the individual Taxpayer who has business place spread in several places, for instance electronic entrepreneur who has electronic shop in several shopping centers, in addition to register itself at the office of the Directorate General of Tax whose working region covers the residence of the Taxpayer, it shall also be obliged to register to the office of the Directorate General of Tax in which its business is carried out.

Section (4)

Taxpayer Code Number and/ or establishment of the Taxable Entrepreneur officially could be issued to the Taxpayer or the Taxable Entrepreneur who does not meet the obligation to register itself and/ or to report its business. It could be carried out in the event that based on the data obtained or possessed by the Directorate General of Tax it turns out that such individual or entity or such Entrepreneur has met the requirement to obtain Taxpayer Number Identification and/ or the establishment of the Taxable Entrepreneur.

Section (4a)

This section shall set out that in the issuance of the Taxpayer Code Numbers and/ or the establishment of the Taxable officially should regard with the fulfillment of the subjective and objective requirement of the concerned Taxpayer. Afterward, to such Taxpayer shall not be excluded from the fulfillment of the taxation obligation in accordance with the provision of the taxation legislation. It is intended to provide the legal certainty either to the Taxpayer or the Government in relation with the obligation of the Taxpayer to register itself and its right to obtain Taxpayer Code Numbers and/ or to be established as the Taxable Entrepreneur, for instance, to the Taxpayer was issued the Taxpayer Code Numbers in ex officio in 2008 and it turns out that the Taxpayer has met the subjective and objective requirement in accordance with the provision of the taxable legislation since 2005, as result taxation obligation shall be arise since 2005.

Section (5)

Period of the obligation to register itself to obtain the Taxpayer Code Numbers and obligation to report its business to obtain the establishment of the Taxable

Entrepreneur shall be limited because it is related to the tax payable and obligation to impose the tax payable . The setting of period for the registration and reporting, procedure of the provision and omission of the Taxpayer Identification Number as well the establishment and omission of the establishment of the Taxable Entrepreneur shall be set out with or pursuant to the Regulation of the Minister of Finance.

Section (6)
Self-explanatory

Section (7)
Self-explanatory

Section (8)
Self-explanatory

Section (9)
Self-explanatory

Number 3
Article 2A
Self-explanatory

Number 4
Article 3
Section (1)

The function of Tax Return for the Income Tax Taxpayer shall be the instrument to report and to account the calculation of tax that is actually payable and to report regarding on:

- a. tax payment that has been carried out by itself and/ or through the tax withholding or tax collection of the other party within 1 (one) Taxable Year of Part of Taxable Year;
- b. income of which is the tax object and/ or non tax object;
- c. asset and liability; and/ or
- d. payment from withholder or collector regarding on the withholding pr collection of individual tax or other entity within 1 (one) Taxable Period in accordance with the provision of the taxation legislation.

For the Taxable Entrepreneur, Tax Return functions as the instrument to report and to account the calculation of the actual amount of Value Added Tax and Selling Tax on Luxury Good that is payable and to report regarding on:

- a. crediting the Incoming Tax against the Output Tax; and
- b. tax payment that has been made by itself by the Taxable Entrepreneur and/ or through the other party within one Taxable Year in accordance with the provision of the taxation legislation.

For the tax withholder or tax collector, Tax Return functions as an instrument to report and to account the withheld tax or collected tax and paid tax.

Filling the Tax Return means to fill the Tax Return form, in the form of paper and/ or electronic, correctly, completely, and clearly in accordance with the direction provided based on the provision of the taxation legislation.

In addition, correctly, completely, and clearly in filling Tax Return means:

- a. correctly means it is correct in calculation, including correct in applying the provision of the taxation legislation, in writing, and in accordance with the real condition;
- b. completely means it includes all elements related to the tax object and other element that should be reported in Tax Return; and
- c. clearly means it reports the origin or source of the tax object and other elements that should be reported in Tax Return.

Tax Return that has been filled correctly, completely, and clearly shall be obliged to be delivered to the office of the Directorate General of Tax in which the Taxpayer is registered or established or in other place stipulated by the Director General of Tax.

Obligation the delivery of Tax Return by the tax withholder or collector shall be carried out at every Taxable Period.

Section (1a)
Self-explanatory

Section (1b)
Self-explanatory

Section (2)
In order to provide service and facility to the Taxpayer, Tax Return form shall be provided at the office of Directorate General of Tax and other places determined by the Director General of Tax that are predicted reachable by the Taxpayer. In addition, Taxpayer also could take the Tax Return with other manners, for instance by accessing the official website of Directorate General of Tax to obtain such Tax Return form.

Yet, in order to provide the better service, Director General of Tax could deliver the Tax Return to the Taxpayer.

Section (3)
This section sets out the deadline of the delivery of Tax Return that is considered necessary to the Taxpayer to prepare everything related to the tax payment and settlement of its bookkeeping.

Section (3a)

Taxpayer with certain criteria, among other the small entrepreneur Taxpayer, could:

- a. delivering Periodic Tax Return of the Income Tax Article 25 for some Taxable Period at once in condition all payment all tax that should be paid in accordance with the Periodic Tax Payer shall be carried out at once at no longer within the Taxable Period that ends; and/ or
- b. delivering Periodic Tax Return other than mentioned in letter a above for some Taxable Periods at once in condition the payment requirements for the respective Taxable Period shall be carried out in accordance with the deadline of the concerned Taxable Period.

Section (3b)

Self-explanatory

Section (3c)

Self-explanatory

Section (4)

In the event it turns out that the Taxpayer, either individual or entity, does not deliver the Tax Return within the deadline stipulated at section (3) letter b, or letter c caused the extent of business activity and technical problems of the preparation of financial report, or other problem so that it is difficult to meet the deadline of completeness and require looseness of the deadline that have been determined, the Taxpayer could extent the delivery of Annual Tax Return of the Income Tax by written delivery or other means, for instance with the notification electronically to the Director General of Tax.

Section (5)

In order to prevent the attempt of evasion and/ or extension of payment time of the tax payable within 1 (one) Taxable Year that should be paid prior the deadline of the delivery of Annual Tax Return, it is required to stipulate the requirements that results the imposition of administrative penalty in the form of interest for the Taxpayer who intends to extent the time of delivery of the Annual Tax Return of the Income Tax.

Such requirement shall be in the form of the compulsion to deliver temporary tax return by mentioning the amount of tax that should be paid based on the temporary calculation of tax payable within 1 (one)

Taxable Year and Tax Payment (SSP) as the proof of payment, as the notification attachment of the period extension of the delivery of the Annual Tax Return of the Income Tax.

Section (5a)

For the coaching toward the Taxpayer who up to the predetermined deadline, it turns out that the Taxpayer does not deliver the Tax Return, such Taxpayer could be given the Letter of Reprimand.

Section (6)

In regard with the function of Tax Return constitutes the instrument of the Taxpayer, for instance to report and to account the calculation of the amount of tax and its payment, for the uniformity and to facilitate the filling as well its administration; the form and content of the Tax Return, description, document that should be attached and the applied method to deliver the Tax Return shall be set out with or pursuant to the Regulation of the Minister of Finance.

Annual Tax Return of Income Tax shall include at least amount of circulation period, amount of income, amount of taxable income, amount of tax underpayment or overpayment, as well the asset and liability beyond the business activity or self-employment for the individual Taxpayer.

Annual Tax Return of Income Tax for the Taxpayer who is obliged to manage bookkeeping should be completed with the financial statement in the form of balance sheet and income statement as well other required information to calculate the amount of Taxable Income.

Annual Return of the Value Added Tax shall include at least amount of the Basic of Tax Imposition, amount of Output Tax, amount of Input Tax that could be credited, amount of tax underpayment or overpayment.

Section (7)

Tax Return that is signed along with its attachment(s) shall be a unity that constitutes the validity of Tax Return. Therefore, the submitted Tax Return but it is not be signed or attached with the required attachment, shall not be deemed as Tax Return in the administration of the Directorate General of Tax. In such case, such Tax Return shall be deemed as the taxation data.

Also, in the event the delivery of Tax Return that constitutes the overpayment has exceeded 3 (three) years since the end of Taxable Period, part of the Taxable Year, or Taxable Year and such Taxpayer has been reprimanded in written, or in the event that the Tax Return is delivered after the Director General of Tax conducts examination or issues the tax assessment

letter, such Tax Return shall be deemed as the taxation data.

Section (7a)

Self-explanatory

Section (8)

Basically, any Income Tax Taxpayer shall be obliged to deliver Tax Return. In consideration of efficiency or other consideration, Minister of Finance could establish the Income Tax Taxpayer who is excluded from the obligation to deliver Tax Return, for instance, individual Taxpayer who receive or obtains the income below the Non-Taxable Income, yet for certain purpose it shall be obliged to own the Taxpayer Code Numbers.

Number 5

Article 4

Section (1)

Self-explanatory

Section (2)

Self-explanatory

Section (3)

Self-explanatory

Section (4)

Self-explanatory

Section (4a)

Financial report from the respective Taxpayer means the financial report from the outcome of the business activity of the respective Taxpayer.

For instance:

PT A possesses shares at PT B and PT C. In such example, PT A shall be obliged to attach the financial report consolidation of PT A and the subsidiary, also attaching the financial report of the business of PT A (prior consolidation), while PT B and PT C shall be obliged to attach the financial statement respectively, not the consolidated financial statement.

Number 6

Article 6

Section (1)

Self-explanatory

Section (2)

For increasing the service to the Taxpayer and in line with the growth of information technology, it is necessary to facilitate the other methods for the Taxpayer to fulfill its obligation to deliver the Tax Return, for instance, via electronic method.

Section (3)

Receipt and date of delivery for the delivery of Tax Return using postal service or by other means shall be the receipt of acceptance, if such Tax Return has been complete, which is it has met the requirement as set forth in Article 3 section (1), section (1a), and section (6).

Number 7

Article 7

Section (1)

The intent of administrative penalty imposition, as set forth in this section, shall be for the purpose of taxation administrative order and increasing the Taxpayer obedience in fulfilling its obligation to deliver the Tax Return.

Section (2)

Disaster means the national disaster or disaster that is stipulated by the Minister of Finance.

Number 8

Article 8

Section (1)

To the mistake in the filling of Tax Return that made by the Taxpayer, the Taxpayer still be entitled to make correction upon his own willing, in condition that the Director General of Tax has not conducted the examination. Phrase “...has not carried out the audit.” means when the Notification Letter of Tax Examination is delivered by the Taxpayer, the representative, proxy, employee, or family member of the Taxpayer who has been adult .

Section (1a)

Phrase “*assessment expires*” means the period of 5 (five) years after the tax is payable or the end of Taxable Period, part of the Taxable Year, or Taxable Year, as set forth in Article 13 section (1).

Section (2)

By the presence of the correction of the Annual Tax Return upon its own willing, it results the calculation of the amount of tax payable and amount of the tax calculation become different to the previous one. Due to the underpaid-tax as result of such correction shall be

subjected to the administrative penalty in the form of interest as much as 2 (two percent) per month.

The interest payable upon such tax underpayment, shall be calculated since the end of the deadline of the Annual Tax Return up to the date of payment, and part of month shall be calculated in full of 1 (one) month. "1 (one) month", in this section, means amount of days within the concerned calendar month; for instance, if it is commenced at 22 June, it will end at 21 July; while, "part of month", in this section, means amount of days that does not reach 1 (one) month in full, for instance from 22 June up to 5 July.

Section (2a)

Self-explanatory

Section (3)

Investigation shall not be conducted toward the Taxpayer, who breach the provision as set forth in Article 38 as long as the audit has not been conducted, even if the audit has been conducted and the Taxpayer has expressed its oversight as well has paid for the payment of the tax that is actually payable along with its administrative penalty as much as 150% (one hundred and fifty percent) of the amount of tax underpayment.

Save for, in the event investigation has been conducted and the commencement of investigation has been reported to the public prosecutor, the opportunity to defend itself for the Taxpayer has been closed.

Section (4)

Although the Director General of Tax has conducted the audit but the tax assessment letter has not been issued, the Taxpayer who has made or has not made the correction the Tax Return still be given the opportunity to submit its inaccuracy within the filling of Tax Return that has been delivered, which could be in the form of Annual Tax Return or Periodic Tax Return for the examined year or period. The submission of inaccuracy in the filling of Tax Return could be made in the separate report and should reflect the real condition so that it could be found out the amount of tax that is actually payable. Yet, to evidence the truth of the Taxpayer's report, the audit process shall remain be continued until finish.

Section (5)

Upon the tax underpayment as result the presence of submission, as set forth in section (4), shall be subjected to the administrative penalty in the form of the increase as much as 50% (fifty percent) of the tax underpayment, and should be paid by the Taxpayer prior the separate report is delivered. Yet, the audit process shall remain be

continued. In the event that from such audit it is found out that the report is not in accordance with the actual condition, upon such inaccuracy the tax assessment letter could be issued.

Section (6)

Due to the issuance of tax assessment letter, the Decree of Objection, Decree of Rectification, Appeals Verdict, or the Judicial Review Verdict of a Taxable Year that result the fiscal loss that is different to the fiscal loss that has been compensated in the following Annual Tax Return or the following years, the adjustment of fiscal loss that is accord to the tax assessment, Decree of Rectification, Appeals Verdict, or the Judicial Review Verdict in the calculation of the previous Income Tax shall be carried out. Limitation for such 3 (three) months shall be intended to make administrative order without prejudice the right of the Taxpayer to the loss compensation. In the event the Taxpayer make the correction after exceeding the period of 3 (three) months or the Taxpayer does not propose the correction as result the presence of tax assessment letter, Appeals Verdict, or the Judicial Review Verdict of the previous Taxable Year or several previous Taxable Years that states the different fiscal loss to the fiscal loss that has been compensated in the Annual Tax Return of Income Tax, the Director General of Tax shall calculate in the establishment of the taxation liability of the Taxpayer.

For more detail, here is the example:

Example 1:

PT A delivers Annual Tax Return of Income Tax for 2008 that certifies as follow:

Net income	Rp200.000.000,00
Loss compensation due to Annual Tax Return of the Income Tax 2007	Rp150.000.000,00 (-)
Taxable Income	<hr/> Rp50.000.000,00

Audit shall be carried out to the Annual Tax Return of Income Tax 2007 and at 6 January 2010 tax assessment that certifies the fiscal loss as much as Rp70.000.000,00 is issued .

Based on such tax assessment, the Directorate General of Tax shall amend the calculation of Taxable Income 2008 becomes as follow:

Net income	Rp200.000.000,00
Loss compensation due to the tax assessment 2007	Rp70.000.000,00 (-)
	<hr/>

Taxable Income	Rp130.000.000,00
----------------	------------------

Therefore, the taxable tax from the previous Tax Return that previously is Rp50.000.000,00 (Rp200.000.000,00 – Rp150.000.000,00) after correction it becomes Rp130.000.000,00 (Rp200.000.000,00 – Rp70.000.000,00).

Example 2:

PT B delivers Annual Tax Return of Income Tax 2008 that certifies as follow:

Net income	Rp300.000.000,00
Loss compensation due to the Annual Tax Return 2007	Rp200.000.000,00 (-)

Taxable Income	Rp130.000.000,00
----------------	------------------

Audit shall be carried out to the Annual Tax Return of Income Tax 2007 and at 6 January 2010 tax assessment letter that certifies the fiscal loss as much as Rp250.000.000,00 is issued .

Based on such tax assessment letter, the Directorate General of Tax shall amend the calculation of Taxable Income 2008 becomes as follow:

Net income	Rp300.000.000,00
Loss compensation due to the tax assessment letter 2007	Rp250.000.000,00 (-)

Taxable Income	Rp50.000.000,00
----------------	-----------------

Therefore, the taxable tax from the previous Tax Return that previously is Rp100.000.000,00 (Rp300.000.000,00 – Rp200.000.000,00) after correction it becomes Rp50.000.000,00 (Rp300.000.000,00 – Rp250.000.000,00).

Number 9

Article 9

Section (1)

Deadline for the payment and tax deposit that is payable for a period or Taxable Period shall be determined by the Minister of Finance with the deadline that does not exceed 15 (fifteen) days after the tax payable or the end of Taxable Period. The delay of such payment and tax deposit shall result the imposition of administrative penalty in accordance with the provision of the taxation legislation.

Section (2)

Self-explanatory

Section (2a)

This section sets out the imposition of interest upon the delay of payment or tax deposit. For more detail regarding on the calculation of such interest, here below is the example:

Installment of the Taxable Period of Income Tax Article 25 of PT A in 2008 as much as Rp10.000.000,00 per month. Installment period of Mei 2008 is paid at 18 June 2008 and reported at 19 June 2008. In the event that at 15 June 2008 Tax Bill is issued, penalty in the form of interest shall be calculated 1 (one) month as follow:

$$1 \times 2\% \times \text{Rp}10.000.000,00 = \text{Rp}200.000,00.$$

Section (2b)

Self-explanatory

Section (3)

Self-explanatory

Section (3a)

Self-explanatory

Section (4)

Upon request of the Taxpayer, Director General of Tax could grant the approval to install or to postpone the payment of tax payable includes the Income Tax underpayment that still should be paid in the Annual Tax Payer of Income Tax although the due date of payment has been determined.

Such looseness shall be granted carefully for no longer than 12 (twelve) months and limited to the Taxpayer who is really in liquidation difficulty.

Number 10

Article 10

Section (1)

Self-explanatory

Section (1a)

Self-explanatory

Section (2)

It is expected that, by the presence method of tax payment, tax deposit, and tax reporting, as well the procedure to install and to postpone the tax, which is set out with or pursuant to the Regulation of the Minister of Finance, could ease the implementation of tax payment and administration.

Number 11

Article 11

Section (1)

Taxpayer shall be entitled to recall tax overpayment, in the event after the calculation on the amount of tax payable that is actually payable to the amount of tax credit shows amount excess (amount of tax credit is larger than the tax payable) is carried out or the payment of tax that should not be payable has been carried out, in condition that the concerned Taxpayer does not have tax debt.

In the event that such Taxpayer still has tax debt that includes all types of tax either in head office or its branch offices, firstly such overpayment should be calculated to the debt tax and in the event it still has excess, it shall be returned to the Taxpayer.

Section (1a)

Self-explanatory

Section (2)

In order to ensure the legal certainty of Taxpayer and for the administrative order, deadline for the return of the tax overpayment shall be determined at no longer than 1 (one) month:

- a. for Overpaid-Tax Assessment, as set forth in Article 17 section (1), shall be calculated since the acceptance date of the written request on the return of tax overpayment;
- b. for Overpaid-Tax Assessment, as set forth in Article 17 section (2) and Article 17B, shall be calculated since the date of issuance;
- c. for the Decree of Preliminary Restitution of Overpaid Tax, as set forth in Article 17C and Article 17D, shall be calculated since the date of issuance;
- d. for the Decree of Objection, Decree of Rectification, Decree of Reduction of the Administrative Penalty, Decree of the Omission of the Administrative Penalty, Decree of the Reduction of the Tax Assessment, Decree of Cancellation of the Tax Assessment or the Decree of the Provision of Interest Reward, shall be calculated since the date of issuance;
- e. for Appeals Verdict shall be calculated since the Appeals Verdict is accepted by the office of the Directorate General of Tax that is authorized to implement the court ruling; or
- f. for the Judicial Review shall be calculated since the Judicial Review Verdict is accepted by the office of the Directorate General of Tax that is authorized to implement the court ruling.

up to the time at which the Decree of Restitution of Overpaid-Tax is issued.

Section (3)

In order to create the balance between the right and obligation for the Taxpayer through the better services, it shall be set out that any delay of tax overpayment return for the period, as set forth in section (2), interest reward shall be rewarded to the concerned Taxpayer as much as 2% (two percent) per month since the ends of the period of 1 (one) month up to time at which the Decree of Restitution of Overpaid-Tax is issued.

Section (4)

Self-explanatory

Number 12

Article 12

Section (1)

Principally, tax shall be payable at which the tax object that could be imposed tax arises, but for the purpose of tax administration, time at which the tax is payable shall be as follow:

- a. at any time, for the Income Tax that is withheld by the third party;
- b. at the end period, for the Income Tax that is withheld by the employer, or withheld by the other party upon business activity, or by the Taxable Entrepreneur upon the collection of the Value Added Tax and Selling Tax on Luxury Good; or
- c. at the end of Taxable Year, for the Taxable Income.

Amount of tax payable that has been withheld, collected, or that should be paid by the Taxpayer after time or period of payment as set forth in Article 9 and Article 10 section (2), by the Taxpayer should be paid to the state treasury through the payment place(s) that is set out with or pursuant to the Regulation of the Minister of Finance as set forth in Article 10 section (1).

Pursuant to this Law, Directorate General of Tax shall not be obliged to issue the tax assessment letter upon all Tax Return that has been delivered by the Taxpayer. The issuance of a tax assessment letter shall only limited to the certain Taxpayer that is resulted by the inaccuracy in the filling of Tax Return or due to the presence of fiscal data that is not reported by the Taxpayer.

Section (2)

This provision sets out that tax assessment letter or Tax Bill should not be given to the Taxpayer who has calculated and paid the amount of tax payable correctly in accordance with the provision of taxation legislation, as well has reported in the Tax Return.

Section (3)

In the event that pursuant to the result of audit or other information, tax that is calculated and reported in the concerned Tax Return is incorrect, for instance, the expense imposition turns out that it exceeds the actual imposition, Director General of Tax establishes the amount of tax payable as it should be in accordance with the provision of the taxation legislation.

Number 13

Article 13

Section (1)

Provision of this section authorizes to the Director General of Tax to issue Tax Underpayment Assessment Letter, which is essentially only toward certain case as set forth the section herein. Therefore, it is just only to the Taxpayer who based on the audit result or other information does not meet the formal and/ or material liability. Such information constitutes the concrete data of which is obtained or possessed by the Director General of Tax, such as, in the form of the confirmation result of tax invoice and tax withholding evidence of Income Tax. Authority provided by the provision of the legislation of taxation to the Director General of Tax to conduct such fiscal correction shall be limited up to the period of 5 (five) years.

Pursuant to the provision, as set forth in section (1) letter a, Underpaid-Tax Assessment shall be just issued if the Taxpayer does not pay the tax as should be in accordance with the provision of the legislation of taxation.

Taxpayer who does not pay or who are underpaid shall be found through the audit against the concerned Taxpayer is carried out and result of such audit shall be found that the Taxpayer is not paid or underpaid of the amount of tax that should be payable.

Audit could be carried out at the residence, place of domicile, and/ or place at which the business activity of the Taxpayer is carried out. In the event that the Director General of Tax possesses the other data delivered by the Taxpayer, Underpaid-Tax Assessment also could be issued by the Director General of Tax; from such data, it could be ensured that the Taxpayer does not fulfill its tax liability as should be. To ensure the correctness of such data, the Taxpayer could be audited.

Tax Return, which is not delivered on time even if it has been reprimanded in written and it still remain has not been delivered within the predetermined period within the Letter of Reprimand, as set forth in section (1) letter b, results that the Director General of Tax issues Underpaid-Tax Assessment in ex officio. Toward this

stipulation, it shall be subjected to administrative penalty in the form of the increase as set forth in section (3).

Reprimand, such as, shall be intended to provide the opportunity to the Taxpayer who has good faith to express its reason(s) or cause(s) that results Tax Return could not be returned due to the matters that are beyond its capability (*force majeure*).

For the Taxpayer who does not implement the taxation liability in the field of Value Added Tax and Selling on Luxury Good, which results the tax payable or underpayment, as set forth in section (1) letter c, shall be subjected to the administrative penalty by issuing the Underpaid-Tax Assessment added with the increase of 100% (one hundred percent).

For the Taxpayer who does not organize the bookkeeping, as set forth in Article 28 or when it is being examined it does not meet the requirement as set forth in Article 29 so that Director General of Tax could not calculate the amount of tax that should be payable as set forth in section (1) letter d, the Director General of Tax shall be authorized to issue Underpaid-Tax Assessment with the calculation in official, which is the tax calculation to the data that is only obtained from the Taxpayer.

Verification against the detail calculation that is served as the basis of calculation in official by the Director General of Tax shall be imposed to the Taxpayer. For instance:

1. bookkeeping, as set forth in Article 28, is incomplete so that the calculation of income statement or gross income is unclear;
2. bookkeeping documents are incomplete so that the number in the bookkeeping could not be audited; or
3. from the series of audit and/ or facts that are known that the document or other supporting data are allegedly hidden in certain place so that from such attitudes it is clear that the Taxpayer has shown its bad faith to assist the smoothness of audit process.

Such evidentiary burden shall also be applicable to the stipulation that is issued as set forth in section (1) letter b.

Section (2)

This section sets out the administrative penalty of taxation that shall be imposed to the Taxpayer who breaches the taxation liability, as set forth in section (1) letter a and letter e. Such administrative penalty of taxation shall be in the form of interest as much as 2%

(two percent) per month that is mentioned in the Underpaid-Tax Assessment.

Administrative in the form of interest, shall be calculated from the tax that is not paid or underpaid and part of month shall be calculated as 1 (one) month.

Even though such Underpaid-Tax Assessment is issued more than 2 (two) years since the end of the Taxable Year, the interest shall be imposed upon such deficiency only for the period of 2 (two) years.

Example: Underpaid-Tax Assessment of Income Tax

During Taxable Year 2008, Taxpayer PT A has taxable income as much as Rp100.000.000,00 and delivers Tax Return on time.

On April 2009, pursuant to the audit result, Underpaid-Tax Assessment is issued, then the administrative penalty in the form of interest shall be calculated as follow:

1. Taxable Income	Rp100.000.000,00	
2. Tax payable (30% x Rp100.000.000,00)	Rp30.000.000,00	
3. Credit tax	Rp10.000.000,00	(-)
4. Underpaid-Tax	Rp20.000.000,00	
5. 24 months interest (24 x 2% x Rp20.000.000,00)	Rp9.600.000,00	(+)
6. Amount of tax that still should be paid	Rp29.600.000,00	

In the event that the entrepreneur does not report its business activity to be established as Taxable Entrepreneur, other than it should pay the taxable year, such entrepreneur shall also be subjected to the administrative penalty in the form of interest as much as 2% (two percent) per month of the underpaid-tax that is calculated since the end of Taxable Period for the period no longer than 24 (twenty-four) months.

Section (3)

This section sets out the administrative penalty from a tax assessment due to the breach of taxation liability, as set forth in section (1) letter b, letter c, and letter d. Administrative penalty in the form of increase constitutes a proportional amount that should be added at the tax principal that is underpaid.

Amount of the administrative penalty in the form of increase shall be vary depend on the type of tax, which is the type of Income Tax that is paid by the Taxpayer

whose administrative penalty in the form of the increase of 50% (fifty percent) and for the type of Income Tax that is withheld by the individual or other entity whose administrative penalty in the form of increase 100% (one hundred percent), while for the Value Added Tax and Selling Tax on Luxury Good whose administrative penalty in the form of increase of 100% (one hundred percent).

Section (4)

For providing the legal certainty to the Taxpayer in regard with the implementation of tax collection with the system of self-assessment, in the event that during the period of 5 (five) years, as set forth in section (1), since the time at which the tax is payable, the end of Taxable Period, part of the Taxable Year, or the end of Taxable Period, the Director General of Tax does not issue the tax assessment letter, amount of tax payment that is notified in the Period Tax Return or Annual Tax Period that is essentially has been fixed by itself or that has been certain due to the law in accordance with the provision of legislation of the taxation.

Section (5)

In the event that the investigation of the crime of taxation is underwent against the Taxpayer, for determining the loss of state revenue upon the amount of tax payable whose tax assessment has not been issued.

In order to find out that the Taxpayer really commits the crime of taxation, it should be evidenced through the court proceedings that could require the time more than 5 (five) years. It is possible that the Taxpayer could be investigated by the Civil Servant Investigator, but it is not prosecuted by the prosecutor based on penal sanction of taxation, for instance, the Taxpayer is sentenced by the court for committing smuggling that in such court ruling shows that there is amount of tax that has not been imposed the tax.

Therefore, to re-obtain such tax payable, in the event the Taxpayer is sentenced due to committing the other criminal action that could the loss to the state revenue pursuant to the court ruling that has permanent legal power, Underpaid-Tax Assessment still be justified to be issued, added with the administration penalty in the form of 48% (forty-eight percent) of tax that is paid or underpaid although the period of 5 (five) years, as set forth in section (1), has been exceeded.

Section (6)

Self-explanatory

Article 13A

Imposition of penal sanction constitutes the last effort to increase Taxpayer obedience. Yet, for those who breaches the provision, as set forth herein, for the first time shall not be imposed the penal sanction, but it shall be imposed to administrative penalty.

Therefore, Taxpayer who due to its oversight does not deliver the Tax Return or deliver Tax Return, but its content is incomplete or incorrect, or attaching the attachment whose information is incorrect so that it could lead the loss of state revenue shall not be imposed administration penalty if such oversight is made for the first time. In this matter, Taxpayer shall be obliged to pay the tax underpayment that is payable along with the administrative penalty in the form of increase of 200% (two hundred percent) of the amount of tax underpayment.

Number 15

Article 14

Section (1)

Self-explanatory

Section (2)

According to this section, the Tax Bill shall be equated its legal power to the tax assessment letter so that in within its collection could be carried out using Forced Letter.

Section (3)

This section sets out the imposition of administrative tax in the form of interest upon Tax Bill that is issued due to:

- a. Income Tax in the current year is not paid or underpaid; or
- b. audit of Tax Return that results the underpaid-tax due to mistyping and/ or miscalculating.

For more detail, here below is the calculation method:

1. Income Tax in the current year is not paid or underpaid.

Income Tax Article 25 of 2008 at every month as much as Rp100.000.000,00 due date, for example at every date of 15. Income Tax Article 25 of June 18 is paid on time as much as Rp40.000.000,00.

Upon such deficiency of Income Tax Article 25, Tax Bill of 18 September 2008 is issued with the calculation as follow:

- Income Tax Article 25 underpaid of June 2008
(Rp100.000.000,00 - =Rp60.000.000,00

- Rp40.000.000,00)
- Interest = $3 \times 2\% \times$
Rp60.000.000,00 =Rp3.600.000,00 (+)
- Amount that should
be paid =Rp63.600.000,00

2. Audit of Tax Return

Annual Tax Return of Income Tax of 2008 that is delivered at 31 March 2009 has been examined, it turns out there is a miscalculating that leads the Income Tax underpaid as much as Rp1.000.000,00. Upon such Income Tax underpaid, Tax Bill dated 12 June 2009 is issued with the calculation as follow:

- Income Tax
underpaid =Rp1.000.000,00
- Interest = $3 \times 2\% \times$
Rp1.000.000,00 =Rp60.000,00 (+)
- Amount that should
be paid =Rp1.060.000,00

Section (4)

Taxable Entrepreneur who does not make tax invoice or the Taxable Entrepreneur who makes Taxpayer, but it is not on time or does not fill the tax invoice completely shall be subjected to the administrative penalty in the form of interest as much as 2% (two percent) of the Tax Imposition Basis.

Similarly, for the Taxable Entrepreneur who makes tax invoice, but its report is not on time, it shall be subjected to the equal sanction.

Administrative penalty in the form of fine as much as 2% (two percent) of the Tax Imposition Basis shall be invoiced with the Tax Collection Form, while tax payable shall be invoiced with the tax assessment letter as set forth in Article 13.

Section (5)

Self-explanatory

Section (6)

Self-explanatory

Number 16

Article 15

Section (1)

In order to accommodate the possibility of a Tax Underpayment Assessment Letter that it turns out has been stipulated lower or tax payable in a Nil Tax

Assessment that is stipulated lower or restitution that has been made not should be as set forth in Overpaid-Tax Assessment, Director General of Tax shall be authorized to issue the Supplement of Underpaid-Tax Assessment within the period of 5 (five) years after the time at which tax payable or a the end of Taxable Period, part of Taxable Tax or Taxable Year.

Addition of Underpaid-Tax Assessment constitutes the correction against the previous tax assessment. Addition of Underpaid-Tax Assessment just only be issued if tax assessment letter have been issued. Principally, to issue Addition of Underpaid-Tax Assessment, it is required examination. In the event previously the tax assessment letter has been issued based on the audit result, the re-audit is required prior to issue Addition of Underpaid-Tax Assessment. In the event the previous tax assessment is issued based on the other information, as set forth in Article 13 section (1) letter a, Addition of Underpaid-Tax Assessment also should be issued based on the audit, but it is not the re-audit.

Therefore, it is impossible that Addition of Underpaid-Tax Assessment is issued prior the tax assessment is firstly issued. The issuance of Supplement of Underpaid-Tax Assessment shall be carried out in condition there is the presence of new data, including other information that have not been disclosed that lead the addition of tax payable in the previous tax assessment. In line with this matter, after Addition of Underpaid-Tax Assessment is issued as result it has exceeded 12 (twelve) months, as set forth in Article 17B, Addition of Underpaid-Tax Assessment shall only be issued if the new data includes information that previously have not been disclosed. In the event that there is new data includes information that have not been disclosed at which the Addition of Underpaid-Tax Assessment is issued, and/ or nee data includes information that have not been disclosed that is subsequently known by the Director General of Tax, Addition of Underpaid-Tax Assessment still could be issued.

“New data” means the data or information regarding on everything required to calculate amount of tax payable by the Taxpayer prior being notified at the previous stipulation, either in the Tax Return and its attachments or in the company bookkeeping that are handed at the examination process.

In addition, the new data includes the data that previously have not been disclosed, which is the data:

- a. does not disclosed by the Taxpayer in Tax Return along with the attachment (including financial statement); and/ or

- b. at the audit process to firstly stipulate the Taxpayer does not disclose the data and/ or provide the other information correctly, completely, and in detail so that the *fiskus* is impossible to apply the provision of the legislation of taxation correctly in calculating the tax payable.

Although the Taxpayer has notified the data within the Tax Return or has disclosed the information at the examination process, but if the notification or disclosure is carried out in such matter so that the *fiskus* could not is impossible to calculate the amount of tax payable correctly so that the tax payable is determined less than it should be, such matter includes in the definition that the data have not been disclosed.

Example:

1. In the Tax Return and/ or financial statement it is reported that there is advertisement expense as much as Ro10.000.000,00, but actually such expense consists of Rp5.000.000,00 advertisement expense in mass media and the remaining Rp5.000.000,00 shall be the donation or gift that should not be imposed as the expense.
In the event that at the previous determination the Taxpayer does not disclose the detail so that the *fiskus* does not make the correction upon the expense in the form of donation or gift so that the tax payable could not be calculated correctly, data regarding on the expense in the form of donation or gift shall be categorized as the previous data that have not been disclosed.
2. In the Tax Return and/ or financial statement it is mentioned that the grouping of permanent assets that is depreciated without accompanied with the detail of asset on each concerned group, it is also at the examination to previously determine the Taxpayer does not disclose such detail so that the *fiskus* could not examine the correctness of such grouping, for instance, asset that should be included into intangible asset in the form of non-building of group 3, but is is grouped into group 2. As result, due to such mistake of asset grouping the correction is not made, so that the tax payable could not be calculated correctly. In the event afterward, it is found data that certify that such asset grouping is incomplete, then such data shall be categorized as the data that previously have not been disclosed.
3. Taxable Entrepreneur purchases some goods from the other Taxable Entrepreneur and upon such purchase the tax invoice is issued. Such goods are partially utilized to the activity that has direct relationship to the business activity, such as,

expense for production activity, distribution, marketing, and management, and the other part is utilized to activity that has not direct relationship to the business activity. All tax invoice are credited as Incoming Tax by the buyer Taxable Entrepreneur.

In the event that at the previous determination the Taxable Entrepreneur does not disclose the detail of utilization of such good due to the credit of such Incoming Tax by the fiskus, as result to the Value Added Tax payable is not calculated correctly. In the event that afterward the mistake on crediting the Incoming Tax that has not any direct relation to the said business activity, such data or information constitutes the previous data that have not been disclosed.

Section (2)

In the event that after the issuance of tax assessment, it turns out that new data includes the data that have not been disclosed is found that has not been calculated as the basis of such determination, upon tax that is still underpaid shall be invoiced with the Addition of Underpaid-Tax Assessment added with the administrative penalty in the form of increase as much as 100% (one hundred percent) of the tax underpaid.

Section (3)

Self-explanatory

Section (4)

In the event that the Taxpayer is sentenced due to committing the crime that leads the loss of state revenue in the form of tax based on the court ruling that has permanent legal power, Addition of Underpaid-Tax Assessment remain could be issued, added with the administrative penalty in the form of interest as much as 48% (forty-eight percent) of the tax that is not paid or underpaid although the period of 5 (five) year, as set forth in section (1), is exceeded.

Section (5)

Self-explanatory

Number 17

Article 16

Section (1)

The correction, according to this section, shall be carried out to implement the implementation of good governance administration so that if there is a mistake or oversight whose nature is humane, it is required to be corrected as should be. Such nature of mistake or oversight shall not consist of dispute between the fiskus and Taxpayer.

In the event that the mistake or oversight is found, either by the fiskus or based on the request of Taxpayer, such mistake or oversight should be corrected. Matters that could be corrected due to the mistake or oversight shall be as follow:

- a. tax assessment, which includes the Underpaid-Tax Assessment, Addition of Underpaid-Tax Assessment, Nil Tax Assessment, and Overpaid-Tax Assessment;
- b. Tax Bill;
- c. Decree of Preliminary Restitution of Overpaid-Tax;
- d. Decree of the Provision of Interest Reward;
- e. Decree of Correction;
- f. Decree of Objection;
- g. Decree of Reduction of the Administrative Penalty;
- h. Decree of the Omission o the Administrative Penalty;
- i. Decree of the Reduction of Tax Assessment;
- j. Decree of the Cancellation of Tax Assessment.

Scope of correction, that is set out herein, shall be limited to the mistake or oversight due to as follow:

- a. mistyping, such as, mistyping that could be the name, address, Taxpayer Code Number, number of tax assessment, type of tax or Taxable Year, and due date;
- b. miscalculation, such as the mistake comes from addition and/ or reduction and/ or multiplication and/ or division of a number; or
- c. mistake on applying certain provision of the legislation of taxation, which is the mistake in applying the tariff, Net Income Calculation Norm, administrative penalty, Non-Taxable Income, calculation of the Taxable Income of the current year, and mistake in crediting tax.

Definition of “correcting”, pursuant to the section herein, shall be adding, reducing, or omitting, depend on the type of mistake and oversight.

If mistyping, miscalculating, and/ or misapplying in certain provision of the legislation of taxation are still found, Taxpayer could request to the Director General of Tax, or Director General of Tax could perform the correction in official.

Section (2)

For providing the legal certainty, request for correction that is proposed by the Taxpayer should be decided within the period no longer than 6 (six) months since the request is accepted.

Section (3)

In the event that the period of 6 (six) months has been exceeded, but the Director General of Tax has not

granted the decision, the request of the Taxpayer shall be deemed approved.

By the approval of such request of the Taxpayer, Director General of Tax issues the Decree of Correction in accordance with the request of Taxpayer.

Section (4)
Self-explanatory

Number 18
Article 17

Section (1)

Overpaid-Tax Assessment, according to the provision of the section herein, shall be issued for:

- a. Income Tax, in the event amount of tax credit is larger than amount of tax payable;
- b. Value Added Tax, in the event amount of tax credit is larger than the tax payable. If there is the collected tax by the collector of Value Added Tax, amount of tax payable shall be calculated by reducing the amount of Incoming Tax and the collected tax by the Collector of such Value Added Tax; or
- c. Selling Tax on Luxury Good if the amount of the paid tax is larger than tax payable.

Such Overpaid-Tax Assessment shall be issued after the examination against the Tax Return that is delivered by the Taxpayer that certifies underpaid, nil, or overpaid is carried out of which is not accompanied with the request of restitution return.

In the event the Taxpayer has receive the Tax Overpaid-Tax Assessment and willing the return of restitution , the Taxpayer shall propose the request in written as set forth in Article 11 section (2).

Section (2)
Self-explanatory

Section (3)
Self-explanatory

Number 19
Article 17A

Section (1)

Nil Tax Assessment, according to the provision of the section herein, shall be issued for:

- a. Income Ta, in the event amount of credit tax is equal to the tax payable or non tax payable and there is not any credit tax;
- b. Value Added Tax, in the event amount of credit tax is equal to the tax payable or non tax payable and there is not any credit tax. If there is a collected tax by the Collector of Value Added Tax, amount of tax payable shall be calculated by reducing to the

- amount of Outcome Tax and the collected tax by the Collector of such Value Added Tax; or
- c. Selling Tax on Luxury Good, in the event amount of the paid tax is equal to the tax payable or non payable and there is not any credit tax.

Section (2)
Self-explanatory

Number 20
Article 17B

Section (1)
“request letter has been received completely” means the Tax Return that has been completely filled as set forth in Article 3.
Tax Assessment (SKP) that is issued based on the examination result upon the request of restitution return could be in the form of Underpaid-Tax Assessment or Nil Tax Assessment or Overpaid-Tax Assessment.

Section (1a)
“audit on the preliminary evidence of the taxation criminal action is in progress” means it is commenced since the notification letter of audit against the preliminary evidence is delivered to the Taxpayer, representative, proxy, employee, or family member who has been adult of the Taxpayer.

Section (2)
Deadline, as set forth in section (1), shall be intended to provide the legal certainty to the request of Taxpayer or the Taxable Entrepreneur so that if such deadline has been exceeded and Director General of Tax does not provide any decree, such request shall be deemed approved. In addition, such deadline shall be also intended for the taxation administrative order purpose.

Section (3)
In the event that Director General of Tax is late to issue the Overpaid Assessment, interest reward as much as 2% (two percent) per month shall be rewarded to the Taxpayer since the end of period as set forth in section (2), up to the time at which Overpaid-Tax Assessment is issued and part or month shall be calculated as 1 (one) month.

Section (4)
Self-explanatory

Number 21
Article 17C

Section (1)
To the request of restitution refund for the Taxpayer with certain criteria after the audit, Decree of Preliminary Restitution Refund should be issued at no longer than:

- a. 3 (three) months for Income Tax;

b. 1 (one) month for Value Added tax

Since the request is received completely, in the matter that such Request Letter has been filled completely, as set forth in Article 3 section (1), section (1a), and section (6). The request of preliminary restitution refund could be issued after the Director General of Tax conducts the confirmation against the correctness of credit tax.

Section (2)

The definition of "Obedience on the delivery of Tax Return" shall include:

- a. during the last 3 (three) months, Taxpayer has delivered Tax Return on time;
- b. at the last Taxable Year, the delivery of Periodic Tax Return for the Taxable Period of January up to November, the delay of tax payment should not more than 3 (three) Taxable Periods for each type of tax and it should not continuously;
- c. the late Periodic Tax Return, as set forth in letter b, has been delivered no exceed the deadline of delivery of the next Periodic Tax Return.

That the Taxpayer does not have any tax arrears shall be the condition at 31 December. Debt tax that has not exceeded the deadline of payment shall not be the definition of tax arrears.

Section (3)

Self-explanatory

Section (4)

Director General of Tax could issue the tax assessment letter within the period of 5 (five) years after conducting the examination against the Taxpayer who has obtain the preliminary restitution refund, as set forth in section (1). Such Tax Assessment could be in the form of Underpaid-Tax Assessment, or Nil Tax Assessment, or Tax Overpayment Assessment.

Section (5)

In order to encourage the Taxpayer in reporting the amount of tax payable in accordance with the provision of the legislation of taxation; then, in the event the result of examination, as set forth in section (4), Underpaid-Tax Assessment is issued added with administrative penalty in the form of increase as much as 100% (one hundred percent) of the amount of tax underpaid.

For more clear understanding on the method in calculating the Underpaid-Tax Assessment and imposition of administrative penalty in the form of increase, model below is presented as follow:

- 1) Income Tax

- Taxpayer has obtained the preliminary restitution refund as much as Rp80.000.000,00.
- From the audit, it is found the result as follow:
 - a. Income Tax payable as much as Rp100.000.000,00
 - b. Credit tax, which is:
 - Income Tax Article 22 Rp20.000.000,00
 - Income Tax Article 23 Rp40.000.000,00
 - Income Tax Article 25 Rp90.000.000,00

Based on such result of audit, Underpaid-Tax Assessment is issued with the calculation as follow:

- Income Tax payable	Rp100.000.000,00
- Credit tax	
- Income Tax Article 22	Rp20.000.000,00
- Income Tax Article 23	Rp40.000.000,00
- Income Tax Article 25	Rp90.000.000,00(+)
	Rp150.000.000,00
- Amount of preliminary restitution of overpaid-tax	Rp80.000.000,00(-)
- Amount of creditable tax	Rp70.000.000,00(-)
	Rp30.000.000,00
Tax that is not paid/ underpaid	Rp30.000.000,00
Administrative penalty in the form of increase as much as 100%	Rp30.000.000,00(+)
	Rp60.000.000,00

2) Value Added Tax

- Taxable Entrepreneur has obtained the preliminary restitution refund as much as Rp60.000.000,00
- From the audit, the result is obtained as follow:
 - a. Output Tax Rp100.000.000,00
 - b. Credit tax, which is Incoming Tax Rp150.000.000,00

Based on the examination result, Tax Underpayment Assessment Letter shall be issued as follow:

- Output Tax payable	Rp100.000.000,00
- Credit tax	
- Input tax	Rp150.000.000,00
- Amount of Preliminary Restitution of overpaid-tax	Rp60.000.000,00(-)
- Amount of tax creditable	Rp90.000.000,00(-)
Tax underpayment	Rp10.000.000,00
Administrative penalty in the form of increase as much as 100%	Rp10.000.000,00(+)
Amount that should be paid	Rp20.000.000,00

Section (6)
Self-explanatory

Section (7)
Self-explanatory

Number 22

Article 17D

Section (1)
Self-explanatory

Section (2)
Self-explanatory

Section (3)
Self-explanatory

Section (4)

In order to reduce the misuse provision acceleration convenience of restitution of overpaid-tax, Director General of Tax could conduct the audit after providing the preliminary restitution of overpaid-tax as set forth in section (1).

Section (5)

In order to motivate the Taxpayer to report the amount of tax payable in accordance with the provision of the legislation of taxation, if from the result of audit, as set forth in section (4), Underpaid-Tax Assessment is issued, amount of tax underpaid shall be added with the

administrative penalty in the form of increase as much as 100% (one hundred percent) of the tax underpayment.

Article 17E

Self-explanatory

Number 23

Article 18

Section (1)

Self-explanatory

Section (2)

Omitted

Number 29

Article 19

Section (1)

This section sets out the imposition the administrative penalty in the form of interest based on the amount of tax that still should be paid or underpaid at the due date of payment or late payment.

Example:

- a. Amount of tax that still should be paid based on the Tax Underpayment Assessment Letter as much as Rp10.000.000,00 that is issued at 7 October 2008, with the deadline of payment up to 6 November 2008 Rp6.000.000,00. At 1 December 2008, Tax Bill, is issued with the calculation as follow:

Tax that should be paid	=Rp10.000.000,00
Tax paid at the due date of payment	=Rp6.000.000,00(-)
Tax underpayment	<hr/> =Rp4.000.000,00
Interest 1 (one) month (1 x 2% x Rp4.000.000,00)	=Rp 80.000,00

- b. In the even to the Tax Underpayment Assessment Letter, as set forth in letter a, Taxpayer pays Rp10.000.000,00 at 3 December 2008 and at 5 December 2008, Tax Collection Form is issued, administrative penalty in the form of interest shall be calculated as follow:

Tax that should be paid	=Rp10.000.000,00
Tax paid at the due date of payment	=Rp10.000.000,00(-)
Tax underpayment	<hr/> =Rp 0,00
Interest 1 (one) month (1 x 2% x Rp4.000.000,00)	=Rp 200.000,00

Section (2)

This section sets out the imposition of administrative penalty in the form of interest in the event that Taxpayer is allowed to install or postpone the tax payment.

Example:

- a. Taxpayer receives Underpaid-Tax Assessment as much as Rp1.120.000,00 that is issued at 2 January 2009 with the deadline of payment at 1 February 2009. Such Taxpayer is allowed to install the tax payment within the period of 5 (five) months with fixed amount of installment. Administrative penalty in the form of each installment shall be calculated as follow:

1 st Installment:	2%	x	
Rp1.120.000,00			=Rp22.400,00
2 nd Installment:	2%	x	
Rp869.000,00			=Rp17.920,00
3 rd Installment:	2%	x	
Rp672.000,00			=Rp13.440,00
4 th Installment:	2%	x	
Rp448.000,00			=Rp8.960,00
5 th Installment:	2%	x	
Rp224.000,00			=Rp4.480,00

- b. Taxpayer, as set forth in letter a, shall be allowed to postpone the tax payment up to 30 June 2009. Administrative penalty in the form of interest upon the postponement of the payment of Underpayment-Tax Assessment as much as $5 \times 2\% \times \text{Rp}1.120.000,00 = \text{Rp}112.000,00$.

Section (3)

Self-explanatory

Number 25

Article 20

Section (1)

In the event that the amount of tax that is not paid or underpaid up to the due date of payment or up to the due date of payment postponement, or Taxpayer does not fulfill the installment of tax payment, its collection shall be carried out with Distress Warrant in accordance with the provision of the legislation of taxation. Tax collection using Distress Warrant shall be carried out against the Tax Assurer.

Section (2)

“consecutive and immediate billing”, in this section, means the tax billing action that is implemented by the Tax Bailiff to the Tax Guarantor without waiting the due date of the payment that includes all debts from all types of tax, Tax Period, and Taxable Year.

Section (3)

Self-explanatory

Number 26

Article 21

Section (1)

This section stipulates the position of the state as the preference creditor that is stated entitled to be privilege upon the properties belong to the Tax Assurer that will be auctioned to the public.

Payment to the other creditor shall be settled after tax debt is paid.

Section (2)

Self-explanatory

Section (3)

Self-explanatory

Section (4)

Self-explanatory

Section (5)

Self-explanatory

Number 27

Article 22

Section (1)

Expired period for the tax collection form is necessary to be determined to provide legal certainty on when tax debt could not be invoiced anymore.

Expired period of the tax billing 5 (five) years shall be calculated since the Tax Bill and tax assessment letter are issued. In the event that Taxpayer proposes the request of correction, objection, appeals, or Judicial Review, it shall be calculated since the issuance date of Decree of Rectification, Decree of Objection, Appeals Verdict, or Judicial Review Verdict.

Section (2)

Expired period of tax collection form could exceed 5 (five) years, as set forth in section (1), in the event that:

- a. Director General of Tax issues and notifies the Forced Letter to the Tax Assurer who does not make tax debt payment up to the due date of payment. In this matter, expired period of tax payment shall be carried out since the notification of Distress Warrant.
- b. Taxpayer certifies the acknowledgement of tax debt by proposing the request of installment or postponement of the tax debt payment prior the due date of payment. In this matter, expired period of tax collection shall be calculated since the date of request of installment or postponement of the tax debt payment is accepted by the Director General of Tax.
- c. There is Underpaid-Tax Assessment or Addition of Underpaid-Tax Assessment that is issued against the Taxpayer as for the Taxpayer commits the crime

of taxation and other crimes that leads the loss of state revenue based on the court ruling that has permanent legal power. In this matter, expired period of tax billing shall be calculated since the issuance date of such tax assessment letter.

- d. Over the Taxpayer who is under investigation crime of taxation, expired period of tax billing shall be calculated since the issuance date of Warrant of Investigation of the crime of taxation.

Number 28

Article 23

Section (1)

Omitted

Section (2)

Self-explanatory

Section (3)

Omitted

Number 29

Article 24

Minister of Finance sets out the procedures of omission and determines the amount of tax payable that could not be invoiced anymore, such as, due to the Taxpayer has been passed away, statutory body Taxpayer does not possess heritage, assets, bankruptcy process of the Taxpayer has been completed, or Taxpayer does not meet the requirement as the tax subject anymore and right to carry out tax billing has been expired. Through this method, it could be predicted effectively the amount of tax payable that will be invoiced or withdrawn.

Number 30

Article 25

Section (1)

In the event that in opinion of the Taxpayer that amount of loss, amount of tax, and withholding or collection of tax is not as it should be, Taxpayer could propose the objection only to the Director General of Tax.

The proposed objection shall be regarding on the material or content of the tax assessment, which is the amount of loss based on the provision of the legislation of taxation, amount of tax, or tax collection or withholding. In this section, "a" means 1 (one) objection should be proposed against 1 (one) type of tax and 1 (one) Taxable Period or Taxable Year.

Example:

Objection against the assessment of Income Tax of the Taxable Year 2008 and Taxable Year 2009 should be proposed respectively in 1 (one) separate letter of objection. For such 2 (two) Taxable Year should be proposed 2 (two) pieces of letter of objection.

Section (2)

“reasons for the basis of calculation”, in this section, means the reasons that is clear and attached with the copy of tax assessment letter, evidence of collection, or evidence of withholding.

Section (3)

Deadline for the submission of letter of objection shall be determined within 3 (three) months since the date of delivery of the tax assessment letter or date of withholding or tax collection, as set forth in section (1), it is intended in order to the Taxpayer has adequate time to prepare letter of objection along with its reason(s).

In the event it turns out that the deadline of 3 (three) months could not be met by the Taxpayer due to the condition beyond the capability of the Taxpayer (force majeure), deadline for 3 (three) months still could be considered by the Director General of Tax.

Section (3a)

This section sets out that the requirement of the submission of objection for the Taxpayer shall be all taxation liability that has been agreed by the Taxpayer firstly should be paid at which the session of examination result. Such payment should be made prior the Taxpayer proposes the objection.

Section (4)

Request of objection that does not meet one of the requirements, as set forth herein, shall not be the letter of objection, so that it could be considered and Decree of Objection is not issued.

Section (5)

Letter receipt that has been given by the staff of the Directorate General of Tax or by the postal service as the receipt of the letter of objection if such letter meets the requirement as the letter of objection. Therefore, deadline of the settlement of the objection shall be calculated since the date of receipt of such letter.

In the event that the letter of Taxpayer does not meet the requirement as the letter of objection and Taxpayer repairs it within the period of delivery of the letter of objection, deadline of the settlement of objection shall be calculated since the next letter of objection that meet the requirement as the letter of objection is received.

Section (6)

In order to the Taxpayer could prepare for the objection with the strong reasons, the Taxpayer shall be provided the right to ask for the basic tax imposition, loss calculation, or tax withholding, or tax collection that has been determined. Therefore, Director General of Tax shall be obliged to fulfill such request.

Section (7)

This section sets out that due date of payment that is mentioned in the tax assessment letter that is postponed up to 1 (one) month since the date of issuance of the Decree of Objection. Postponement period of tax payment results the administration penalty in the form of 2% per month upon the amount of tax that has not been paid at the postponement is proposed.

Section (8)

Self-explanatory

Section (9)

In the event that the Taxpayer objection is rejected or approved partially and Taxpayer does not fill an appeal, amount of tax based on the decree of objection shall be reduced with the tax that has been paid prior proposing the objection that should be paid at no longer than 1 (one) month since the issuance date of Decree of Objection, and collection with Distress Warrant will be carried out if the Taxpayer does not pay off such tax debt. In addition, Taxpayer shall be subjected to administrative penalty in the form of fine as much as 50% (fifty percent).

Example:

For taxable year 2008, Underpaid-Tax Assessment (SKPKB) with the amount of tax that should be paid as much as Rp1.000.000.000,00 is issued against PT. A. In the last session of the examination result, Taxpayer just only agrees Tax that still should be paid as much as Rp200.000.000,00. Taxpayer has paid off the part of such SKPKB as much as Rp200.000.000,00 and then it proposes objection upon the other correction. Director General of Tax approves partially the objection of Taxpayer and amount of tax that still should be paid become as much as Rp750.000.000,00. In this matter, Taxpayer shall not be imposed to the administrative penalty as set out in Article 19, but it shall be subjected to administrative penalty in accordance with the section herein, which is as much as $50\% \times (Rp750.000.000,00 - Rp200.000.000,00) = Rp275.000.000,00$.

Section (10)

Self-explanatory

Number 31

Article 26

Section (1)

Against the letter of objection that is proposed by Taxpayer, the authority of settlement in the first level shall be submitted to the Director General of Tax in condition the deadline period for the settlement of the decree upon the Taxpayer objection shall be determined at no longer than 12 (twelve) months since the date of receipt of the letter of objection.

By determining the deadline of settlement period of the settlement of decree upon such objection, its means that a legal certainty for the Taxpayer other than the implementation of tax administration will be obtained.

Section (2)

Self-explanatory

Section (3)

Self-explanatory

Section (4)

This section obliges Taxpayer to evidence the incorrectness at the tax assessment letter in the event such Taxpayer proposes objection against taxes that are determined in official. Such tax assessment letter that is issued in official is issued as for the Taxpayer does not deliver the Tax Return although it has been reprimanded in written, does not comply with the obligation to carry out the bookkeeping, or refusing to provide the opportunity to the examiners to enter certain places that are considered necessary, for conducting the examination. In the event that Taxpayer could not evidence the incorrectness of the tax assessment letter in official, the request of objection shall be rejected.

Section (5)

Self-explanatory

Number 32

Article 26A

Section (1)

Self-explanatory

Section (2)

In order to provide wider opportunity to the Taxpayer in obtaining the justice within the settlement of objection, procedure as set forth herein, such as, Taxpayer could be present to give the information or to obtain the explanation regarding on its objection.

Section (3)

Self-explanatory

Section (4)

Self-explanatory

Number 33

Article 27

Section (1)

Self-explanatory

Section (2)

Self-explanatory

Section (3)

Self-explanatory

Section (4)

Self-explanatory

Section (4a)

Self-explanatory

Section (5)

Omitted

Section (5a)

This section sets out that for the Taxpayer who fills the appeal, period of tax payment that is filled for appeal shall be postponed up to 1 (one) month since the issuance of Appeals Verdict. Period postponement of the tax payment results administrative penalty in the form of interest as much as 2% (two percent) per month, as set forth in Article 19, shall not be applicable upon amount of the tax that has not been paid at which proposing the objection.

Section (5b)

Self-explanatory

Section (5c)

Self-explanatory

Section (5d)

In the event that the proposal of appeal of the Taxpayer is rejected or partially approved, amount of tax based on the Appeal Verdict shall be reduced with the amount of tax that has been paid prior filling the appeal shall be paid at no longer than 1 (one) month since the issuance of Appeal Verdict, and the collection with Distress Warrant shall be carried out in the event Taxpayer does not pay off such tax debt. In addition, Taxpayer shall be subjected to the administrative penalty in the form of fine as much as 100% (one hundred percent) as set forth herein.

Example:

For the Taxable Year 2008, Underpaid-Tax Assessment (SKPKB) with the amount of tax that still should be paid as much as Rp1.000.000.000,00 shall be issued against PT A. In the last session of the examination result, Taxpayer only agree the tax that still should be paid as much as Rp200.000.000, 00. Taxpayer has paid off the part of such SKPKB as much as Rp200.000.000, 00 and then proposes the objection upon the other correction. Director General of Tax approves the part of objection of the Taxpayer with the amount of tax that still should be paid as much as Rp750.000.000, 00.

Afterward the Taxpayer fill the appeal and it is decided by the Tax Court that amount of tax that still should be paid becomes as much as Rp450.000.000, 00. In this matter, either the administrative penalty in the form of interest as much as 2% (two percent) per month, as set forth in Article 19, or the administrative penalty in the form of dine shall be imposed. Yet, Taxpayer shall be imposed the administrative in the form of fine in accordance with the provision herein, which is as much as $100\% \times (\text{Rp}450.000.000, 00 - \text{Rp}200.000.000, 00) = \text{Rp}250.000.000, 00$.

Section (6)
Self-explanatory

Number 34
Article 27A

Section (1)

Interest reward shall be given in regard with the Decree of Objection, Appeal Verdict, or Judicial Review Verdict and Underpaid-Tax Assessment, Addition of Underpaid-Tax Assessment, Nil Tax Assessment or Tax Overpaid Assessment that has been paid that causes the tax overpayment.

Section (1a)

in the event that the Taxpayer propose the request of correction, reduction, or cancellation against the tax assessment letter or Tax Collection Form whose decision to approve partially or overall, as long as the amount of tax that still should be paid or Tax Collection Form that has been paid that causes the tax overpayment, the excess of such overpayment shall be refunded and added with the income reward as much as 2% (two percent) per month for no longer than 24 (twenty-four) months.

Section (2)

Interest reward shall also be given to the overpayment of Tax Bill that has been issued based on Article 14 section (4) and Article 19 section (1) in regard with the issuance of Underpaid-Tax Assessment or Addition of Underpaid-Tax Assessment, which obtains the reduction or omission administrative penalty in the form of fine or interest.

The concerned reduction or omission constitutes the result on the presence of Decree of Objection, Appeal Verdict, or Judicial Review Verdict against the Underpaid-Tax Assessment or Underpaid-Tax Assessment, which approves partially or overall request of the Taxpayer.

Section (3)
Self-explanatory

Number 35
Article 28

Section (1)
Self-explanatory

Section (2)
Self-explanatory

Section (3)
Self-explanatory

Section (4)
Self-explanatory

Section (5)

Principle of consistent (*taat azas*) shall be the equal principle applied in the bookkeeping method to the previous years to prevent the shift of profit or loss. In the bookkeeping method, its application such as:

- a. revenue recognition stelsel;
- b. accounting year;
- c. supply assessment method; or
- d. depreciation and amortization method.

Accrual *stelsel* shall be a revenue and expense calculation method, in the meaning that the revenue shall be recognized at which it is acquired and expense shall be recognized at which it is payable. Therefore, it shall be depend on when such revenue is received and when such expense is paid in cash.

Including to the accrual *stelsel* definition shall be the recognition of the revenue based on the percentage level project completion method that is commonly applied in the construction and other method applied in certain business as build operate and transfer (BOT) and real estate.

Cash *stelsel* shall be a method whose calculation based on the received revenue and expense that is paid in cash.

According to cash *stelsel*, the revenue just shall be deemed as the revenue if it actually has been received in cash in certain period as well the expense just shall be deemed as the expense if it actually has been paid in cash in certain period.

Cash *stelsel* is commonly applied by small company of the individual or service company, for instance, transportation, entertainment, and restaurant whose grace period between delivery the service and acceptance of revenue does not last long. In the pure cash *stelsel*, income from the delivery of service or good shall be determined at which the payment from the customer is received and expenses shall be determined at which the good, service and other operational expense are paid.

By applying this method, the utilization of cash *stelsel* could result the calculation that obscures the income, which is amount of income from year to year could be adjusted by setting the cash income and cash outcome. Therefore, for the calculation of Income Tax when applying the cash *stelsel* should pay the attention to the matters as follow:

- 1) Calculation of the amount of selling within a period should include the overall selling, either in cash or non-cash. In calculating the principal price of selling, it should pay the attention to the overall supplies and purchases.

- 2) In obtaining the assets that is depreciable and rights that a can be amortized, the reduced expenses from the income could be carried out through depreciation and amortization.
- 3) Application of cash *stelsel* should be carried out in consistent (*taat azas*).

Therefore, the application of cash *stelsel* for the purpose of taxation could also be called mixed *stelsel*.

Section (6)

Principally, the applied bookkeeping method should comply with the principle, which should be equal to the previous years, for instance, in the utilization of expense and income recognition calculation method (accrual cash or accrual), permanent asset depreciation method, the supply assessment method. Yet, the change in the application of method is still possible to be carried out in condition that it has obtained the approval from the Director General of Tax. The change of method of bookkeeping should be proposed to the Director General of Tax prior the concerned accounting book is commenced by delivering the logic reasons and acceptable as well the result that is possible from such change.

The change method of calculation shall result the change on the principle of consistent that could include the change method from cash to accrual or otherwise or the change on utilization method of revenue recognition or recognition of the expense itself, for instance, in the recognition method of expense recognition in relation with the depreciation of permanent asset by utilizing the certain depreciation method.

Example:

In 2008, Taxpayer applies the straight line method of depreciation. If in 2009 the Taxpayer intends to change the asset depreciation method with the declining balance method, the Taxpayer firstly should request for approval to the Director General of Tax that is proposed prior the accounting year 2009 by mentioning the reason for the application of such depreciation method and result of such change.

In addition, the change of accounting year also results the change on amount of income or loss of the Taxpayer. Therefore, such change should also obtains the approval from the Director General of Tax.

Taxable Year shall be equal to the calendar year, unless the Taxpayer uses the accounting year that is not equal to the calendar year.

In the event that the Taxpayer uses accounting year that is not equal to the calendar year, the term of concerned Taxable Year uses the year of which on it includes 6 (six) first months or more.

Example:

- a. Accounting year 1 July 2008 up to 30 June 2009 shall be the Taxable Year 2008.
- b. Accounting year 1 October 2008 up to 30 September 2009 shall be the Taxable Year 2009.

Section (7)

Definition of accounting year has been set in Article 1 number 29. Rule herein shall be intended in order based on such bookkeeping, amount of tax payable could be calculated.

In addition the amount of Income Tax is could be calculated, the other tax should also could be calculated based on such bookkeeping. In order to calculate correctly the Value Added Tax and Selling Tax on Luxury Good, the bookkeeping should also record the amount of incoming price or import value, amount of selling price or export value, amount of selling price that is subjected to the Selling Tax on Luxury Good, amount of payment upon utilization of intangible Taxable Good from beyond the custom area and/ or utilization of the Taxable Service from the beyond the custom area, amount of Incoming Tax that could be credited and of which could not be credited.

Therefore, bookkeeping should be organized using the method or system that is common to be applied in Indonesia, for instance, based on the Financial Accounting Standard, unless the provision of the legislation of taxation determines otherwise.

Section (8)

Self-explanatory

Section (9)

Recording by the individual Taxpayer who performs business activity and self-employment includes the gross income and other income, while for those who merely receive the income from the activity beyond business and self-employment, the recording shall only to the gross income, deduction, and net income that are the object of Income Tax.

In addition to the matters mentioned above, recording includes also the income of which is not the object of tax and/ or of which is subject to tax which is final.

Section (10)

Omitted

Section (11)

Book, record, and document includes of which is organized using online application program and result of the electronic data processing that become the basis of bookkeeping or recording should be kept in Indonesia for 10 (ten) year. It is intended that in the event that Director General of Tax will issue the tax assessment letter, material of bookkeeping and recording that are required still available and could be provided. Period of 10 (ten) years for keeping the book, record, and document that becomes the basis of bookkeeping or recording shall be in accordance with the provision that sets out regarding on the deadline for expiration of the taxation criminal action investigation. The keeping, of book or recording and other document shall include of which is organized using online application program, should be carried out in regard with the factor of security, feasibility, and fairness for the keeping.

Section (12)

Self-explanatory

Number 36

Article 29

Section (1)

Director General of Tax, for the purpose of taxation obedience implementation supervisory, shall be authorized to conduct the audit for:

- a. assessing the taxation obedience of the Taxpayer; and/ or
- b. the other objective shall be for the implementation of the provision of taxation legislation.

Audit could be carried out in the office (office examination) or place of the Taxpayer (field examination) whose scope of audit could includes one type of tax, several types of tax, or overall taxes, either for the previous years or the current year.

Audit could be carried out against the Taxpayer, including against the government institution and other entity as the tax collector or tax withholder.

Implementation for the purpose of auditing the fulfillment of taxation liability of the Taxpayer shall be carried out by tracing the correctness of Tax Return, bookkeeping, or recording, and the fulfillment of the other taxation liability compared to the real condition or business activity of the Taxpayer.

In addition, audit could also be carried out for the purposes, as follow:

- a. provision of the Taxpayer Iden Number in official;

- b. omission of the Taxpayer Code Number;
- c. establishment or revocation of the establishment of Taxable Entrepreneur;
- d. Taxpayer proposes the objection;
- e. gathering materials for preparing Net Income Calculation Norm;
- f. data adjustment and/ or information instruments;
- g. determination of the Taxpayer whose location in remote area;
- h. determination of one or more place of the Value Added Tax payable;
- i. examination for the tax billing;
- j. determination of the period commencement of the production in relation with the taxation facilities; and/ or
- k. fulfilling the request for information from the partner state of the Avoidance of the Double Taxation Agreement.

Section (2)

Audit shall be carried out by the auditor officer whose identity is clear. Therefore, the auditor officer should has with the auditor ID and completed with the Warrant of Audit, as well showing them to the Taxpayer who be examined. The examiner officer should explain the objective of audit to the Taxpayer.

Audit officer should has obtained the adequate technical education and has skill as tax examiner. During performing its duty, the auditor officer should work honestly, accountably, full understanding, polite, and objective as well shall be obliged to avoid itself from the disgrace deed.

Opinion and conclusion of the auditor officer should be based on the strong evidence and relates to as well based on the provision of the legislation of taxation.

Auditor officer should conduct the coaching to the Taxpayer in fulfilling their Taxation liability in accordance with the provision of the legislation of taxation.

Section (3)

Liability that should be fulfilled by the Taxpayer who are under audit, as set forth herein, shall be adjusted to the purpose of audit either for assessing the fulfillment of taxation obedience or for other purposes for implementing the provision of legislation of the taxation.

In the event Taxpayer organizes the recording or bookkeeping using electronic data processing/ EDP, either of which is organized by itself or of which is organized through the other party, Taxpayer should

provide the way to access and/ or to download the data of recording, document, and other document that has relationship to the obtained income, business activity, self-employment of the Taxpayer, or the payable tax object.

Pursuant to the provision herein, Taxpayer who are under audit shall be obliged to provide the opportunity to the auditor to enter the place or room that is the place in which the document is stored, money, and/ or goods that could provide the clue regarding on the business condition of the Taxpayer and borrowing and/ or audit at such places.

In the event that the auditor requires information other than the book, recording or other document, Taxpayer should provide such other information that could be in the form of written information and/ or oral information.

Written information, such as:

- a. statement letter for not being audited by the Public Accountant Office;
- b. statement letter certifies that the copies of the document that are borrowed is in accordance with the original version;
- c. statement letter on the asset proprietary; or
- d. statement letter on the estimation of life cost.

While for the oral information, such as:

- a. interview on the bookkeeping process of the Taxpayer;
- b. interview on the production process of the Taxpayer;
- c. interview with the management on the special transactions.

Section (3a)

Self-explanatory

Section (3b)

Self-explanatory

Section (4)

In order to avoid the presence of pretext that the Taxpayer under audit is bound at the confidentiality liability so that the bookkeeping, record, document as well the other information required could not be provided by the Taxpayer, hereby this section confirms that such confidentiality liability shall be void.

Number 37

Article 29A

Provision herein shall be intended to provide the facility to the Taxpayer who registers its shares at the stock exchange, which is in the event that Taxpayer is under audit, its audit could be examined through the Office Examination. By Office Examination, examination process will be more simple and the completion is fast so that the Taxpayer is getting fast to

obtain legal certainty, compared to the audit through the Field Examination.

In regard with the audit could be carried out through Office Examination and period for audit is quite fast, Director General of Tax could request for the working sheet of audit that is made by the Public Accountant.

Number 38

Article 30

Section (1)

In the event during the audit, it is found that the Taxpayer does not fulfill the provision, as set forth in Article 29 section (3) letter b, which is it does not provide the opportunity to the auditor to enter the place or room that is considered necessary and provide the assistance for the smoothness of audit. Such condition could be caused by several things, for instance, Taxpayer is not available or deliberately does not provide the opportunity to the auditor to enter the place or room that is considered necessary and does not the assistance for the smoothness of audit.

Taxpayer, who during being auditor does not provide the opportunity to the auditor to enter the place, room, and tangible good and/ or intangible good, as well to way to access the data of which is managed electronically or does not provide the assistance for the smoothness of auditor shall be deemed obstructing the auditor.

In such condition, in order to obtain the book, record, document includes data that is managed electronically and other instruments that could provide the clue on the business activity or self-employment of the Taxpayer who are under audit, it is necessary to provide the authority to the Director General of Tax who conducts te examination to seal against the place, room, and tangible and/ or intangible goods.

Sealing constitutes the last effort of the auditor to obtain or to safe the book, record, document includes the data that is managed electronically, and other stuff that could provide the clue on the business activity or self-employment of the Taxpayer under audit in order does not to move, removed, destroyed, modified, damaged, exchanged, or falsified.

Sealing of electronic data shall be carried out as long as it could not terminate the operational of the company, particularly in relation with the public interest.

Section (2)

Self-explanatory

Number 39

Article 31

Section (1)

Self-explanatory

Section (2)

In order to provide the balance of right to the Taxpayer in responding the finding of audit result, in such procedure of examination, such as, sets out the obligation to deliver the notification letter of the result of audit to the Taxpayer and provide the right of Taxpayer to presence in the session of last result of audit within the determined period. In the event that during the predetermined period the Taxpayer does not presence, audit shall be follow up in accordance with the provision of the legislation of taxation.

Section (3)

Self-explanatory

Number 40

Article 32

Section (1)

In this section, it is stipulated who becomes the representative to implement the right and obligation of taxation of the Taxpayer against the entity, entity who is declared in bankruptcy, entity under dissolution, entity under liquidation, heritage that has not been divided, minor child or person under guardianship. For such Taxpayer it is required to stipulate who does become the representative or proxy for they are incapable or impossible to carry out by themselves such legal action.

Section (2)

This section confirms that Taxpayer who are sets out herein shall be responsible individually or jointly and severally upon tax payable.

An exemption shall be considered by the Director General of Tax in the event the Representative of Taxpayer could evidence and ensure that in its position, according to the fairness and appropriateness, it is impossible to be asked for the accountability.

Section (3)

This section provide looseness and opportunity to the Taxpayer to ask for the assistance from the other party who understand the taxation as its proxy, for and on behalf, assisting the implementation of right and obligation of taxation of the Taxpayer.

Such assistance includes the implementation of formal and material obligation as well the fulfillment of Taxpayer right and obligation of taxation of the Taxpayer.

Proxy means person who receive the exclusive power of attorney from the Taxpayer to implement right and obligation and fulfilling the certain taxation liability of the Taxpayer who are stipulated in the law of taxation.

Section (3a)
Self-explanatory

Section (4)
Person who obviously has the authority in determining the policy and/ or taking the decision for implementing the activity of company, for instance, signing the contract with the third party, signing the cheque, and so on although such person's name is not mentioned in the deed of establishment or the amendment of the deed, shall include to the definition of the official. Provision herein shall also be applicable for the commissioner or the majority shareholders or the controller.

Number 41
Article 33
Omitted

Number 42
Article 34
Section (1)

Any officer, either officer of tax or those who conduct the duty in taxation affair shall be prohibited to disclose the confidentiality of the Taxpayer that relates the taxation affairs, such as:

- a. Tax Return, financial statement, and so on of which are reported by the Taxpayer;
- b. data that is obtained for the implementation of audit;
- c. document and/ or data that is obtained from the third party of which is confidential;
- d. document and/ or confidentiality of the Taxpayer of which is in accordance of the provision of the legislation of taxation.

Section (2)
The experts, such as, linguist, accountant, and lawyer who are appointed by Director General of Tax to assist the implementation of the legislation of taxation shall be equal to the tax officer who are also prohibited to disclose the confidentiality of the Taxpayer as set forth in section (1).

Section (2a)
Information that could be delivered shall be the identity of Taxpayer and general information on taxation.

Identity of Taxpayer includes:

1. name of the Taxpayer;

2. Taxpayer Code Numbers;
3. address of the Taxpayer;
4. address of the business activity;
5. business mark; and/ or
6. business activity of the Taxpayer.

General information on taxation includes:

- a. tax revenue nationally;
- b. tax revenue of the respective Regional Office of the Directorate General of Tax and/ or Tax Office;
- c. tax revenue per type of tax;
- d. tax revenue per the classification of business field;
- e. amount of Taxpayer and/ or Taxable Entrepreneur;
- f. register application of the Taxpayer;
- g. tax arrears nationally; and/ or
- h. tax arrears per Regional Office of the Director General of Tax and/ or per Tax Office.

Section (3)

For the interest of the state, for instance, for the context of investigation, prosecution, or for the context to presence the partnership with the other government institution, information or written evidence from or about the Taxpayer could be provided or showed to certain party who is appointed by the Minister of Finance.

In the license of which is issued by the Minister of Finance should include the name of Taxpayer, name of the appointed party, name of the official, experts, or the experts who are allowed to provide the information or showing the written evidence from or about the Taxpayer. Such provision of license shall be carried out in limited manner for the matters that is necessary considered by the Minister of Finance.

Section (4)

For implementing the audit at the court hearing in the case of crime or civil that relates to the case of taxation, for the interest of the court, Minister of Finance shall grant the exemption upon the obligation to conceal to the officer of taxation and the experts as set forth in section (1) and section (2) upon written request from the chief judge of hearing.

Section (5)

This section constitutes the limitation and confirms that the information of taxation requested just only on the case of criminal or civil on the deed or event in relation with the taxation affairs and shall only limited to the concerned suspect.

Number 43

Article 35

Section (1)

In order to implement the provision of the legislation of taxation, upon written request from the Director General of Tax, the third party namely the bank, public accountant, notary, tax consultant, administrative office, and other third party that has relationship to the business activity of the Taxpayer who is under tax audit or tax collection or investigation of the criminal action of taxation should provide the information or the requested evidences.

Tax consultant means anyone who within its scope of work, as self-employment, provides consultation service to the Taxpayer in implementing the right and fulfilling the taxation liability in accordance with the provision of the legislation of taxation.

Section (2)

For the interest of taxation, the official of Bank Indonesia upon request of the Minister of Finance shall be authorized to issue the written warrant to the bank to provide the information and showing the written evidences as well the letters regarding on the financial condition of the certain saving customer to the tax officer.

Section (3)

Self-explanatory

Number 44

Article 35A

Section (1)

For the purpose of the implementation supervisory of taxation liability obedience as the consequence of the implementation of the system of self assessment, data and information that related to the taxation sourced from the government institution, agency, association, and other party are essentially required by the Director General of Tax. Data with the concerned information shall be the data and information or the individual or entity that could describe the activity or business, gross income, income and/ or the asset of the concerned person, including the information regarding on the debtor customer, financial transaction data and traffic of foreign exchange, credit card, as well the financial statement and/ or business activity report that is delivered to the other institution beyond the Director General of Tax.

For the implementation of the provision herein, source, type, and procedure of delivery data and information to the Directorate General of Taxation shall be set out with the Regulation of the Government.

Section (2)

In the event that the data and information that is provided by the government institution, agency, association, and other party is still insufficient, for the interest of state revenue, the Director General of Tax could gather the data and information of which is related to the taxation in relation with the occurrence an event that is estimated has relation to the fulfillment of taxation of the Taxpayer liability in regard with the provision on confidentiality upon the concerned data and information.

Number 45

Article 36

Section (1)

In the practice, it could be found the administrative penalty imposed to the Taxpayer is incorrect due to the carelessness of the tax officer who could impose the Taxpayer who is not guilty or who does not understand the taxation regulation. In this matter, administrative penalty in the form of interest, fine, and increase that is determined could be omitted or reduced by the Director General of Tax.

In addition, Director General of Tax due to its position (*in official*) or upon request of the Taxpayer and based on the element of justice could reduce or cancel the tax assessment letter that is incorrect, for example, the Taxpayer whose objection is rejected due to does not fulfill its formal requirement (submitting the letter of objection at the inappropriate time) although its material requirement has been fulfilled.

Also, upon Tax Bill that is incorrect could be make the reduction or cancellation by the Director General of Tax due to its position (*in official*) or upon the request of the Taxpayer.

For providing the justice and protect the right of the Taxpayer, Director General of Tax upon its authority or upon request of the Taxpayer could cancel the examination result that is carried out without any notification letter or without any last session for the result of examination with the Taxpayer. Yet, in the event that Taxpayer does not presence in the last session of the examination result in accordance with the predetermined period, the request of Taxpayer shall not be considered.

Section (1a)

Self-explanatory

Section (1b)

Self-explanatory

Section (1c)

Self-explanatory

Section (1d)

Self-explanatory
Section (1e)
Self-explanatory
Section (2)
Self-explanatory

Number 46

Article 36A

Section (1)

In order to safeguarding the government revenue and improving the professionalism of the tax officer in implementing the provision of the legislation of taxation; tax officer, who deliberately calculate or determine the tax that is not in accordance with the legislation so that it results the loss to the state revenue, shall be subject to the sanction in accordance with the provision of the legislation.

Section (2)

This section sets out the breach that is made by the tax officer, for instance, in the event the tax officer commits the breach in the field of personnel, such tax officer could be reported due to it has breached the provision of legislation in the field of personnel. In the event that the Taxpayer is deemed committing the crime, tax officer could be reported for committing the crime. Also, in the event that the tax officer has committed the corruption, tax officer could be reported for committing the corruption.

In such circumstance, Taxpayer could report the breach that is made by the tax officer to the internal unit of the Department of Finance.

Section (3)

Self-explanatory

Section (4)

Self-explanatory

Section (5)

Tax officer during implementing its duty shall be deemed based on the good faith if such tax officer in implementing its duty does not seek its own, family interest, and/ or other deed that indicates the corruption, collusion, and/ or nepotism.

Number 47

Article 36B

Section (1)

Self-explanatory

Section (2)

Self-explanatory

Section (3)

Self-explanatory

Article 36C

Section (1)

Self-explanatory

Section (2)

The provision on the amount of incentive shall be carried out through the hearing that is carried out by the Government and the instrument of the House of Representative that organizes the financial affairs.

Section (3)

Self-explanatory

Number 48

Article 37A

Section (1)

Self-explanatory

Section (2)

Self-explanatory

Number 49

Article 38

The breach against the taxation liability that is made by the Taxpayer, as long as it relates to the taxation administrative action, shall be subjected to the administrative penalty by issuing the tax assessment or Tax Collection Form, while for the action that relates to the criminal action in taxation shall be subjected to the criminal sanction.

Deed or action, as set forth herein, shall not constitutes the breach of administrative but it constitutes the crime of taxation.

By the presence of such crime, it is expected the awareness of Taxpayer to comply with the taxation liability as set forth in the legislation of taxation arises.

Negligence as set forth herein shall be inadvertently, neglect, careless, or less heed for its liability so that such deed could lead the loss to the state revenue.

Number 50

Article 39

Section (1)

Deed or action, as set forth herein, that is carried out deliberately shall be subjected to severe penalty in regard with the essential role of the tax revenue in the state revenue.

In the event deed or action also includes to anyone who deliberately does not register itself misuse or utilize without the right the Taxpayer Code Number, or misuse or utilize without the right of the Establishment of the Taxable Entrepreneur.

Section (2)

In order to prevent the repetition of crime of taxation, for those who re-commits the crime of taxation before exceeding 1 (one) year since the end of undergoing partially or overall imprisonment that is sentenced, shall be subjected to the more severe imprisonment, which is added with 1 (one) time to 2 (time) criminal sanction as set forth in section (1).

Section (3)

Misuse or utilization without right the Taxpayer Code Number or the Establishment of Taxable Entrepreneur, or the delivery of Tax Return whose content is incorrect or incomplete for proposing tax restitution and/ or tax compensation or tax crediting that are incorrect shall be very detrimental to the state. Therefore, such attempt to commit the criminal action shall be the separate offense.

Number 51

Article 39A

Tax invoice as an evidence in tax collection constitutes the essential instrument of administration in the implementation of the provision of Value Added Tax. Also the evidence of the tax collection and tax withholding constitute the essential instrument to credit or reduce the tax payable, therefore any misuse of tax invoice, evidence of tax collection or tax withholding, and/ or evidence of tax payment could results negative impact in the success of the collection of Value Added Tax and Income Tax. Therefore, such misuse in the form of issuance and/ or utilization of tax invoice, evidence of tax payment form, evidence of tax collection form, evidence of the tax withholding and/ or evidence of the tax payment that are not based on the actual transaction shall be subjected to the criminal sanction.

Number 52

Article 41

Section (1)

In order to ensure that the confidentiality regarding on taxation is not disclosed to the other party and in order during providing the data and information, Taxpayer is not in doubt, for the implementation of the Legislation of taxation, criminal sanction to the concerned officer who leads the occurrence of disclosure of the confidentiality is required.

Confidentiality disclosure, as set forth herein, is carried out due to oversight in the meaning of the act of negligence, careless, or less heed so that the obligation to conceal such information or the existing evidence(s) of the Taxpayer that is protected under the Law of taxation is breached. Upon such oversight, the doer shall be punished by nemesis.

Section (2)

Deed or action, as set forth herein, which made deliberately shall be subject to the more severe sanction compared to the deed or action that is made due to oversight so that the concerned officer should more careful does not to disclose the confidentiality of the Taxpayer.

Section (3)

Crime prosecution against the breach of confidentiality, as set forth in section (1) and section (2), shall be in accordance with the nature, it means that in relation with the interest of the individual or the entity as the Taxpayer.

Number 53

Article 41A

In order to make the third party fulfill the request of the Director General of Tax, as set forth in Article 35, it is required the sanction for the third party who commits the deed or action as set forth herein.

Number 54

Article 41B

Anyone who commits the deed or action that obstructs or complicates the investigation of the criminal action of taxation, for instance, obstructing the investigator to conduct shakedown and/ or hiding evidence, as set forth herein, shall be subjected to criminal sanction.

Number 55

Article 41C

Section (1)

Self-explanatory

Section (2)

Self-explanatory

Section (3)

Self-explanatory

Section (4)

Self-explanatory

Number 56

Article 43

Section (1)

Those who are sentenced due to committing the crime of taxation shall not limited to the Taxpayer, representative of the Taxpayer, proxy of the Taxpayer, employee of the Taxpayer, Public Accountant, Tax Consultant, or other party but also those who give the order to commit, who participate in committing, who advise to commit, or those who assist to commit the crime of taxation.

Section (2)

Self-explanatory

Number 57

Article 43A

Section (1)

Information, data, report, and complaint that are received by the Directorate General of Tax shall either be developed through the activity of intelligent or observation whose result could be followed up with the examination, Preliminary Evidence Audit, or does not to be follow up.

Section (2)

Self-explanatory

Section (3)

Self-explanatory

Section (4)

Self-explanatory

Number 58

Article 44

Section (1)

Certain Civil Servant Official within the scope of the Directorate General of Tax who are appointed as the investigator of the criminal action of taxation by the authorized official shall be the investigator of the criminal action of taxation. Investigation of the criminal action of taxation shall be carried out in accordance with the provision that is set out in the applicable Law Criminal Procedure.

Section (2)

In this section, it sets out the authority of the certain Civil Servant Official within the scope of the Directorate General of Tax as the investigator of the criminal action of taxation, including to conduct seizure. Such seizure could be carried out either against tangible or intangible good, including the bank account, account payable, and marketable securities belong to the Taxpayer, Tax Assurer, and/ or the other party who has been stipulated as the suspect.

Section (3)

Self-explanatory

Section (4)

Self-explanatory

Number 59

Article 44B

Section (1)

For the interest of state revenue, upon request of the Minister of Finance, the Supreme Attorney could terminate the investigation of the crime of taxation as long as such criminal case has not been transferred to the court.

Section (2)
Self-explanatory

Article II
Self-explanatory

SUPPLEMENT OF THE STATE GAZETTE OF THE REPUBLIC OF INDONESIA
NUMBER 4740.